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# Southeast Asia Report

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2 September 1985

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FIJI

BRIEFS

CHINESE LOAN--Following on Fiji Prime Minister Ratu Mara's visit to the People's Republic of China, China has given Fiji an interest-free loan of about \$A6 million to provide electricity in rural areas. His visit to Japan has also resulted in a Japanese Government grant of \$F750 000 for construction of a fisheries port at Lautoka (SSD/v5/8). [Text] [Sydney THE SOUTH SEA DIGEST in English 26 Jul 85 p 2]

CSO: 4200/1358

INDONESIA

IMPORT BOYCOTT DEEMED INEFFECTIVE AGAINST U.S. PROTECTIONISM

Jakarta KOMPAS in Indonesian 10 Jun 85 pp 1, 8

[Article: "Boycott of Imports Is Ineffective Against U.S. Protectionism"]

[Text] Jakarta, KOMPAS--Boycott of goods imported from the United States is an ineffective way of fighting U.S. protectionism as was demonstrated in the export of Indonesian textiles to that country because the U.S. market is still a very decisive one for many Indonesian commodities.

Banning imports, of course, is often effective in combating obstacles to trade set up by a country. However, this is difficult to do as far as the United States is concerned. "What would happen if they retaliated with a total ban on Indonesian commodities? We would be the one hurt," replied Zachri Ahmad, general chairman of the All Indonesia Importers Association (GINSI) in response to a KOMPAS question on Saturday [8 June] on a possible ban on goods imported from the United States, keeping in mind that GINSI used this measure against Canada last year.

At that time, Canada introduced a one-party quota on textile exports. GINSI then ordered its members to boycott imports from that country to make Canada renegotiate the quota levied on Indonesia.

Generally Used

An import boycott, Zachri said, is usually levied on a country to retaliate for measures taken by that country that are deemed harmful to a country's interests. Malaysia withdrew a bridge construction project contract for Penang from France and offered it to South Korea to intimidate France and to keep it from banning MAS (Malaysian Air Lines) aircraft from landing in France.

Indonesia also had agreed it would not import machinery for its textile plants from Britain if the British did not increase the quota allotted to Indonesia. Canadian products were also threatened with this measure when Canada refused to renegotiate the textile quota. The results of many of these countermeasures were satisfactory.

What shall we do in the present U.S. case? We could take various steps, beginning with adjusting the quota to planning a law for the textile trade that would be applied to the United States. All these measures would be aimed at narrowing the range of Indonesian products exported to that country.

According to Zachri, perhaps only an import boycott will be instituted. Nevertheless, the fact is that the U.S. market for various Indonesian commodities is still a decisive one. Besides textiles, whose share of total exports is 50 percent, rubber is traded.

"We are afraid that countermeasures will be taken," he remarked. These measures have not been taken to date even though the United States has frequently been disturbed by various Indonesian policies such as the counterpurchase policy and the need to use ships flying the Indonesian flag to transport government commodities. They judged these policies were damaging to U.S. interests.

#### Joint Measures

According to Zachri, U.S. protectionism, as reflected in its recent desire to limit textile imports drastically through a law which is still under consideration, not only harms Indonesia but clearly harms the interests of all countries that export textiles to the United States.

The best way to confront the United States is for all countries that have been hurt to join together to oppose the United States. For us, it is ASEAN [Association of Southeast Asian Nations] that must act in a unified way," he remarked.

A united ASEAN could do much. In this case, much could be done by combining political and trade measures (through trade--editor).

On that occasion, Zachri Ahmad regretted that "ASEAN unity is still far from what had been expected." On certain matters, the ASEAN nations have each gone their own way without considering the interests of their partners. "This is very unfortunate when we should act unanimously. Nations that oppose us can benefit from our weakness," he stated firmly.

In addition to ASEAN speaking with one voice, he said he agreed with API (Indonesian Textile Association) in confronting the United States. He agreed with Dr Frans Seda, API president, who said the United States should not just pay attention to economic concerns but should also take political concerns into account with regard to the textile question.

"Let us not forget that informal steps often produce far better results. Perhaps more work should be done in this direction to respond to current challenges," he added.

When asked for an example of an informal step, he cited a case that developed under the Old Order. It was known that a U.S. pilot at that time aided the banned movement in Indonesia. The pilot was arrested and was ready to be

tried. The United States shrewdly sent a trade mission to Indonesia and thereafter the pilot was freed. "Let us see what happens when the diplomats arrive. There definitely will be a demonstration as soon as they get off the plane."

Zachri's view is that this is a better way to confront the United States than retaliating with an import boycott. "Yes, we lobby. The government lobbies. Even API does not remain silent."

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CSO: 4213/267

INDONESIA

END OF TALK ABOUT 'ISLAMIC STATE' PREDICTED

Jakarta SINAR HARAPAN in Indonesian 1 Jun 85 pp 1, 12

[Article: "Nurcholis SAYS People Will Not Speak About an 'Islamic Nation' but About Islamic Ideals After Mass Organization Law Goes into Effect"]

[Text] Jakarta, 1 June--Dr Nurcholis Madjid feels religion will continue to have a role but in another dimension when the Law on Mass Organizations (ORMAS) goes into effect. Parties will no longer struggle to establish a nation based on religion, but religion will continue to be a source of inspiration and aspiration.

In a special interview with SINAR HARAPAN on Thursday [30 May], Dr Nurcholis, former general chairman of HMI [Islamic Students Association], added that religion would continue to play a role because one of its functions was to provide answers to fundamental questions and guidance on the aims and meaning of life.

Responding to a question on how religion will be different in the post-ORMAS Law period, he said religion was less symbolic now. Also, people no longer spoke, for instance, of an "Islamic nation" but spoke about Islamic ideals in regard to society.

For instance, in regard to democracy, people strive for a democracy perceiving it as an Islamic democracy. However, they do not call it that nor express their views of it in exclusively Islamic terms. Nevertheless, when we speak of a democracy, we run into groups everywhere who feel the same way about establishing a democracy.

For example, five persons, a Buddhist, a Hindu, a Catholic, a Protestant and a Muslim, get together to establish a democracy. They have a "common platform," namely, a democracy. If asked why they would want to establish a democracy, each would answer, "My religion makes me want to do it." Each person would respond in the same way.

View of Life

"So, individually, the ultimate decision when it comes to a political choice depends on one's view of life," he said. And the most deep-rooted view of

life is offered by religion. So, religion will continue to play a role but in another dimension, that is, it will play a more functional and less symbolic role. "At the least, that is what we are hoping," he said, adding that he had said he hoped this would be the case because the fact is that questions will be raised in the future as to whether this was or was not true. Of course, some individuals and groups of people will continue to express their views in the symbolic terms of their religions.

He cited as an example the Christian parties that exist in a developing nation such as ours, moreover, in the United States which is called a democracy. Western nations have Christian Democratic, Democratic Christian, or Catholic Democratic parties. Although they call themselves Christian parties, they are not concerned that their nations are Christian nations but only that their democracies are based on beliefs or principles which are founded in religion.

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CSO: 4213/266

INDONESIA

CHINESE TRADE DELEGATION TO ARRIVE IN INDONESIA 9 AUGUST

HK061550 Hong Kong AFP in English 1448 GMT 6 Aug 85

[Text] Jakarta, Aug 6, (AFP)--A 43-member Chinese trade delegation is due to arrive in Jakarta on Friday for a 10-day visit, the Indonesian Chamber of Commerce and Industry (Kadin) announced today.

The arrival date and number of delegates were confirmed by the China Council for the Promotion of International Trade (Ocpit) in a telex received by Kadin today, a spokesman told newsmen.

The Chinese group will be returning a visit to China by a 125-member Indonesian trade delegation headed by Kadin President Sukamdani Gitosarjono from July 27 to August 3.

The two states agreed last month to resume direct trade after 18 years of only indirect trading. Indonesia froze diplomatic and trade relations with China in 1967, accusing China of complicity in an abortive communist coup 2 years earlier.

The Chinese delegation, headed by Ccpit Chairman Wang Yaoting will visit an Indonesian products exhibition now being mounted in Jakarta, and meet their counterparts to firm up tentative trade commitments made during the Kadin visit to China.

The Kadin official said the Chinese side had pledged to buy \$440 million worth of Indonesian commodities and products.

Meanwhile, the first direct export of Indonesian plywood, totaling 4,000 cubic meters, will be shipped to China at the latest next October, Antara news agency quoted a Kadin executive as saying.

The shipment is not part of the 150,000 cubic meters of plywood the Chinese had listed to buy from Indonesia during the Kadin visit, Kadin timber section Chairman Mr Abusaeri [name as received] told the agency.

Other commodities the Chinese were reported to have offered to buy from Indonesia include 250,000 tons of cement, 25,000 tons of fertilizer, 75,000 tons of sawn timber, 5,000 tons of rattan, \$60 million worth of textiles, 75,000 tons of rubber, 6,000 tons of coffee, 3,000 tons of cocoa and a monthly 5,000 tons of concrete reinforcing rods, according to the Kadin official.

INDONESIA

PRC TRADE DELEGATION ARRIVES IN JAKARTA 9 AUG

BK150702 Jakarta BERITA BUANA in Indonesian 10 Aug 85 p 1, 8

[Text] Jakarta -- a 43-man PRC trade delegation led by Wang Yaoting, chairman of the China Council for the Promotion of International Trade [CCPIT], arrived at Sukarno-Hatta International Airport on Friday [9 August] at 1545. The PRC trade delegation was welcomed by leaders of the Indonesian Chamber of Commerce and Industry [Kadin] such as Sukamdani S. Gitosarjono, Baramuli, chairman of Kadin's Jakarta branch Abu Saeri, and private businessmen.

In a brief press statement at the VIP room of Sukarno-Hatta Airport, Wang Yaoting said that he is very eager to meet Indonesian businessmen to explore the possibility of developing direct trade relations.

He and his 43-member trade delegation will try to conclude agreements on business transactions during their 10-day stay in Indonesia.

Speaking through his interpreter, who speaks fluent Indonesian with a Japanese accent, Wang Yaoting said that his visit to Indonesia is a return visit at the invitation of Kadin, adding that he would like to know about economic development here.

However, he refused interviews with some 50 domestic and foreign journalists covering the arrival of the PRC businessmen.

In a separate press briefing at the Sahid Hotel on Thursday night, Sukamdani said that trade negotiations will be held with the PRC delegation. According to what he observed during his visit to the PRC, the PRC now has 17 trading houses.

The PRC has made considerable progress in shipping, and the country is likely to import rubber, plywood, electronic goods, and so on.

Sukamdani said that the PRC obviously needs fertilizer in large quantities. Kadin will hold negotiations 12-15 August with the PRC delegation on, among other things, the quantity, quality, and prices of the commodities agreed upon in Jakarta.

On the visa, banking, port procedures, sea transport, and other issues concerning export-import relations between Indonesia and the PRC, Sukamdani said



emphatically "there are no more problems." He added that, while in Indonesia, the PRC delegation will pay a courtesy call on the Greater Jakarta governor and visit the Nurtanio Aircraft Company Limited in Bandung, Surabaya, and Bali. If necessary, the PRC delegation can directly come to factories to clarify discussions on commodities.

CSO: 4213/303

INDONESIA

PPP REVOKES RECALL OF SYARIFUDDIN, ACHDA

Jakarta MERDEKA in Indonesian 5 Jul 85 pp 1, 12

[Text] The Central Executive Board of the United [Development] Party (DPP PP[P]), in document No 1063/PEM/DPP/VI/1985, dated 27 June 1985 and signed by Secretary General Mardinsyah and General Chairman H J. Naro, revoked decision No 282/PEM/DPP/II/1985 recalling Syarifuddin Harahap and Badrut Tamam Achda from their membership in the DPR [Parliament].

MERDEKA sources in the DPR stated today that the document revoking the recall was addressed to the president of the Republic of Indonesia and copies were sent to DPR leaders, among others, accompanied by a request for forgiveness.

In document No 282/PEM/DPP/II/1985, signed by Secretary General Mardinsyah and General Chairman H J. Naro, Syarifuddin Harahap and B. T. Achda had been removed from their positions in the DPR in February.

That letter of recall was addressed to the president of the Republic of Indonesia and copies were sent to DPR leaders. The reason given was that both of them were guilty of lack of discipline and disloyalty to the party.

Previously, in December 1984 the DPP of the PPP in document No 673/Kpts [decision]/XII/1984 had relieved them of their membership in the PPP because they were considered to have been undisciplined in their actions toward the party.

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INDONESIA

#### INCREASED INTEREST IN INVESTMENT CITED

Jakarta KOMPAS in Indonesian 5 Jul 85 p 1

[Text] Eng Ginanjar Kartasasmita, chairman of the BKPM (Capital Investment Coordinating Board), told reporters at the presidential palace yesterday that interest in capital investment during the first half of 1985 (January to June) indicated greater confidence from the business world than during the previous year.

Together with Eng Sanyoto Sastrowardoyo, vice-chairman of BKPM, and Achmad Az, first deputy for planning and promotion, Eng Rasjidi, second deputy for permits, and Eng Amin Warsita, third deputy for implementation and oversight, he reported that the DSP (Priority Scale List) for business investment in 1985 had been completed for President Soeharto.

Ginanjar said that from January to June there had been 214 applications for PMDN (Domestic Capital Investment) for new projects, with a value of 1,806.6 billion rupiahs, and 53 expansion projects, with a value of 1,035.3 billion rupiahs. The total is 267 projects, with a value of 2,841.9 billion rupiahs.

In contrast, during the same period of 1984 there were only 114 applications for new projects, with a value of 1,435.3 billion rupiahs. However, last year there had been 80 expansion projects, a larger number than this year; but the value was smaller--485 billion rupiahs.

Capital investment was even smaller during the same period in 1983, considered Indonesia's best year for investment. Between January and June 1983 there were only 188 applications for PMDN, with a value of 1,340.9 rupiahs, and 28 expansion projects, with a value of 196.2 billion rupiahs.

For the first half of this year there have been only 29 applications for PMA [Foreign Capital Investment], with a planned investment of 841.9 billion rupiahs, and 29 expansion projects, with a planned value of 221.8 billion rupiahs. During the same period in 1984 there were 17 applications for new projects, with an investment of 205.5 billion rupiahs, whereas in 1983 there were 27 new projects, valued at 779.9 billion rupiahs, and 15 expansion projects, with an investment of 98.1 billion rupiahs.

"On the basis of these figures I believe that there is obviously a greater confidence on the part of the business world in investing capital in Indonesia," said Ginanjar. He added that even though not all applications were approved, the number of applications can be taken as an indication of the amount of interest in capital investment.

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INDONESIA

#### REQUIREMENTS ON CAPITAL INVESTMENT DISCLOSED

Jakarta MERDEKA in Indonesian 5 Jul 85 pp 1, 12

[Text] Foreign Capital Investment (PMA) will be permitted only if the investment value is at least 1 million dollars (about 1.1 billion rupiahs) and will not be allowed in the field of trade, said Ginanjar Kartasasmita, junior minister for domestic product production and chairman of the BKPM [Capital Investment Coordinating Board] at the presidential palace today.

The chairman of the BKPM introduced his representative Sanyoto and his deputies Achmad Az, Rasjidi and Amin Warsila to the president.

Ginanjar also said that in certain business areas there are exceptions to the PMA rules, determined individually by the department concerned based on certain particulars or by the BKPM based on certain policies.

He also indicated that foreign capital investment could be carried out only in the form of joint ventures between Indonesian businessmen and businessmen investing in Indonesia.

"The Indonesian partners must hold at least 20 percent of the shares of the basic joint venture at the time the corporation is formed," he stated.

Ginanjar said that a PMA company can increase its production technology by diversifying so long as it does not exceed the permitted capacity and the business area involved is still open to foreign investment.

"Long lease rights (HGU) may also not be given to the PMA; these rights are given only to the Indonesian participant. This regulation will remain firmly in effect because it is a matter of sovereignty," he added. "If an HGU is given to the foreign participant, it could be mortgaged."

This policy is intended to strengthen Indonesia's position in the joint enterprise.

#### Priority Scale List

It is hoped that President Soeharto will have agreed to the DSP (Priority Scale List) for 1985 capital investment by the end of the first week of July.

The DSP, consisting of four books, and which has been organized according to the ISIC (International Standard Industrial Classification), and the department's type code, were given to President Soeharto at the presidential palace by the chairman of the BKPM. The industrial sector, in particular, is organized according to the ISIC and according to the KKI (Indonesian Commodity Classification).

The four books are as follows: book I--fields open to PMA; book II--fields open to PMDN [Domestic Capital Investment]; book III--fields open outside the PMA and the PMDN laws (small industries which do not require a large investment, facilities or high technology are included in this book); book IV--areas closed to PMA, PMDN and to those outside the PMA/PMDN laws.

According to Ginanjar industries closed at present are the coconut oil industry, the wood sawing industry, the DDT industry, the oil drilling industry, dry docks and others. The plywood industry is also closed, except for Irian Jaya.

An "open" area is open for new projects and for expansion as long as it is not regulated otherwise. For areas not included in these four books, further information can be obtained from the BKPM.

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CSO:4213/291

INDONESIA

# INVESTMENT IN MACHINE INDUSTRY, AGRIBUSINESS URGED

Jakarta KOMPAS in Indonesian 9 Jul 85 pp 1, 8

[Text] Industry, especially the machine industry and agribusiness, is the center of gravity for investment under the DSP (Priority Scale List) issued by the BKPM (Capital Investment Coordinating Board) for 1985.

Eng Achmad Az, BKPM deputy for planning and promotion, stated this to the press after receiving a group from the Spanish Chamber of Commerce, led by Jose M. Martin Aranda, yesterday in the BKPM building on Gatot Subroto Street, Jakarta.

The machine industries which received the highest priority were the machine tool industry and the heavy machinery industry. "This is because we are going to build heavy factories for middle-level cement, paper and palm oil factories. That is why machine factories to produce machines for these factories have been made the highest priority," said Achmad.

He stated that machine factories which produce middle-level machines have also been given high priority, as is true under the current PELITA [5-Year Plan]. Investments in middle-level machines--machines to process milk, for drinks and trade, etc.--have also been given high priority for investment.

Although there has been some pullback now, factories for producing parts for motorbikes and automobiles continue to speed up and continue to receive a high priority. "Even though there has been a rescheduling for a year, I feel that there hasn't been much of a change over the last year," said Achmad. His statement about rescheduling investment possibilities last year was prompted by the weakness of the market.

Engineering has also been given a high priority because it is very important for building factories or machines. "The BKPM has given this area a continual impetus and has always had close cooperation with domestic design engineering," said Achmad.

## Agribusiness

According to Achmad, agribusiness is the center of attention for capital investment in the area of agriculture because agribusiness best fulfills the government's conditions for capital investment--production of jobs, processing

of natural resources, spread of development to the provinces and development from an environmental point of view.

He stated that an area of agribusiness which must be accelerated now because of competition from other countries is the oil palm business. "It is reported that Malaysia is putting efforts into oil palms and I hear that Brazil is doing the same," he said.

Horticulture is another agricultural area that must be accelerated and focused on. The areas of seedlings and cultivation of fruits and vegetables have not been developed; they must be accelerated. Decorative plants are among those that must be developed.

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CSO:4213/291



INDONESIA

IMPORT CURBS, BALANCE OF PAYMENTS, FOREIGN EXCHANGE VIEWED

Jakarta KOMPAS in Indonesian 4 Jun 85 p 2

[Article: "Pressures on Imports Will Affect Growth in the Industrial Sector"]

[Text] Jakarta, KOMPAS---The government apparently will put more and more constraints on imports to improve our balance of payments position. We can understand why this will happen when such pressure is tied to the increasing number of products which are now being manufactured in this country.

Haji Hamzah Haz, B.Sc., deputy chairman of the Indonesian DPR [parliament] APBN [National Estimate of Income and Expenditures] Commission and member of the Development Unity Faction (F-PP), responded in this fashion on Saturday [4 June] to KOMPAS's query about foreign exchange reserves in relation to the import policy and rate of growth in the industrial sector.

Effect on Economic Activities

According to Hamzah Haz, if constraints placed on imports are merely aimed at improving the balance of payments and accumulating foreign exchange reserves, the growth rate of the industrial sector, of course, will be disrupted and economic activities in general will be affected.

The 1984-85 balance of payments showed that while imports were planned at \$17.7 billion, only \$15.3 billion were realized or some \$2 billion less was imported.

The government's reason for cutting imports by \$2 billion was that such goods were already being produced domestically.

Meanwhile, another aspect of the balance of payments picture shows that only about \$5 billion of government capital was planned to be introduced but only some \$3 billion was realized. "For these reasons, the 1984-85 balance of payments has not been achieved," Hamzah said.

If imports cannot be curbed, this member of parliament representing the West Kalimantan Electoral District, said there will be a deficit of \$2 billion in the 1984-85 balance of payments because we will be unable to obtain foreign loans (introduction of government capital--editor).

Nevertheless, in an unsettled world economic situation, we must also accumulate foreign exchange reserves. However, caution is needed here so that we do not disrupt the economic growth rate planned for PELITA IV [Fourth 5-Year Economic Development Plan] at an average 5 percent a year and at 9.5 percent a year for the industrial sector.

In 1983, the rate of economic growth was 4.3 percent and growth in the industrial sector was only 2.2 percent. "What is feared is that the accumulation of foreign exchange reserves through import constraints will not support the growth rate especially growth in the industrial sector," Hamzah remarked.

#### Still Concerned

Concerning foreign exchange reserves of \$10.5 billion, the DPR member representing the F-PP, said the world economic recession had not yet ended. However, if we looked closely at the balance of payments position, the situation was still causing concern. Government capital (foreign loans) still played a dominant role.

He reminded his listeners that of the \$10.5 billion in foreign exchange reserves held by the government, \$5.8 billion were in the hands of the Bank of Indonesia while the remainder was divided among government banks. Should the government need this money, the reserve can be converted to rupiahs.

According to Hamzah, the supply of foreign exchange in government banks was large enough in a financial business context. The quarterly reports of government public banks revealed that government bank profits were supported by foreign exchange transactions. "The amount is fairly large, some 40 percent," he said.

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INDONESIA

DEFAULTED BIMAS LOANS IN BALI REVIEWED

Jakarta MERDEKA in Indonesian 8 Jun 85 p 8

[Article: "Defaulted BIMAS Loans in Bali Total More Than 1.6 Billion Rupiahs"]

[Text] Dén Pasar, Friday [7 June[, ANTARA--Defaults on mass guidance (BIMAS) program loans for paddy and secondary crops in Bali are increasing and were recorded at more than 1.6 billion rupiahs as of the end of March.

The most defaults occurred in the Buleleng Regency, amounting to 408.8 million rupiahs, followed by 332.3 million rupiahs in Badung and 239.7 million rupiahs in Gianyar Regency.

At the plenary session of the BIMAS Managerial Unit held on Thursday, Ida Bagus Mantra, governor of Bali, mentioned other defaulted loans, totaling 231.1 million rupiahs in Tabanan Regency, 145.3 million rupiahs in Karangasem, 118.3 million rupiahs in Jembrana, and the remainder in Klungkung Regency and Bangli.

He said loans totaling 142.9 million rupiahs were in default between 1975 and 1981. Following the implementation of INPRES [presidential instruction] No 10 of 1981, 724.9 million rupiahs worth of Indonesian People's Bank loans were in default and more than 738 million rupiahs worth of village unit cooperative (KUD) loans were defaulted.

The mass loan package system of 1985-86 was ended and replaced by farm business loans which are to be channeled through selected KUD's.

The change was made to prevent stagnation or an end to the collection of delinquent mass program loans, for sincere efforts must always be made to collect these loans, Mantra said.

Vet Dr I Gusti Ketut Oka Ranuh, chief of the regional office of the Bali Agriculture Department, said the defaults resulted from the slow repayment of these loans by farmers.

In addition, crops were struck with disaster due to plant disease and drought. Therefore, the farmers found it hard to repay their loans.

"Also, farmers used these loans for purposes other than those for which they were intended and reported that their crops had been killed by the drought. They still have little awareness about repaying debts," he said.

Overall the percentage of loans repaid in Bali was reported to be fifth in the nation and Bali was noted as being one of the provinces in which loan repayment by farmers was going smoothly, Oka RAnuh said.

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INDONESIA

CORN IMPORTED FROM THAILAND, TAIWAN

Jakarta SINAR HARAPAN in Indonesian 7 Jun 85 p 11

[Article: Domestic Production Drops; Indonesia Imports 20,000 Tons of Corn from Thailand and Taiwan"]

[Text] Jakarta, 7 June--M. Layuk Ailo, chief of the Logistics Affairs Agency (BULOG) Foreign Procurement Bureau, noted that of the planned 50,000 tons, his bureau had imported 20,000 tons of corn to cover the shortage of corn in the country. Ten thousand tons were imported from Thailand and 10,000 tons from Taiwan. The corn arrived at Indonesian ports in April and May.

Speaking to SINAR HARAPAN in his office on Thursday [6 June], the bureau chief explained that the remainder of the planned imports would be brought in if corn was greatly needed in the country. "So, we will just wait to see what develops in the country and then will bring in the remainder of the planned imports," he said.

In response to a question, he pointed out that corn imported from Thailand and Taiwan was purchased at a price of \$130 per ton through a C & F (cost and freight) purchase contract, which means the government (read BULOG) received the corn at Indonesian ports. It is needed for industrial use and for various other uses such as feedstuffs.

Sapuan, chief of BULOG's Domestic Procurement Bureau, said the corn was imported because of a shortfall in domestic production of corn. Quoting data from the Department of Agriculture, he added that Indonesia now is short of some 300,000 hectares of land for planting corn so production has dropped.

Transportation Costs

For this year, BULOG planned a 10,000-ton supply but only realized 1,500 tons while funds allocated to purchase corn from Indonesian farmers were enough to buy 50,000 tons of corn.

Sapuan declined to say how much money was allocated through the BRI [Indonesian People's Bank] loans, but he added that corn was purchased from farmers through KUD's (village unit cooperatives) for 130 rupiahs per kg.

He admitted that enough corn was produced domestically, especially in some parts of the homeland, but the problem at present was the high cost of transportation from the various areas to Jakarta.

Because of the high cost of transportation, his bureau did not purchase any corn. The farmers' corn was sold to private parties at a rather high price of 165 rupiahs per kg, which was better than the floor price. "We should thank the private buyers because the farmers' price for corn is improving," he added.

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INDONESIA

#### AGRIBUSINESS TO ALLEVIATE UNEMPLOYMENT

Jakarta KOMPAS in Indonesian 5 Jul 85 p 1

[Text] All activities relating to agriculture (agribusiness) serve as a fairy godmother in solving the problem of unemployment at the present time. Agriculture is the largest sector and a large part of economic activity is working agricultural products.

This was expressed by Dr Eng A. T. Birowo, minister of agriculture expert staff member, to KOMPAS in his office on Wednesday [3 July].

He believes that agribusiness has provided employment in many areas; for instance producing agricultural products involves many small farmers. More than half of Indonesian farmers work fields of less than half a hectare.

Besides that, agribusiness absorbs many people in buying and selling agricultural products, in processing them into ready-made and semi-ready-made products, and in supplying such means of production as fertilizer, seedlings and pesticides. Processing agricultural products includes making soy sauce, bean curd, fermented soybean cakes or cooking rice.

Not yet mentioned is transportation--to carry agricultural products, the means of producing them and the farmers themselves (bicycles are used to transport farmers back and forth from the city). Included in agribusiness is also banking, which formerly paid for billions of rupiahs of BIMAS [Mass Guidance Program] rice credits. This all involved thousands of workers.

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INDONESIA

#### STUDY ABROAD MADE EASIER

Jakarta KOMPAS in Indonesian 5 Jul 85 p 1

[Text] Students who wish to study abroad now have only to write to the secretary general of the DEPDIBUD [Department of Education and Culture]. This is much easier and more practical than the old way, which took a long time to arrange for a permit.

This simplification is included in INPRES [presidential instruction] No 8, 1985, Study Abroad Guide for Indonesian Students, University Students and Graduates. The INPRES was further simplified by decision No 0273/U/1985, made by Prof Dr J. B. Sumarlin, acting minister of education and culture, concerning ways of transmitting information about study abroad.

The INPRES signed by President Soeharto yesterday instructs the minister of education and culture, the minister of foreign affairs, the minister of justice and the head of BP7 [Board for Training, Teaching and Implementing Guidance for Instilling and Implementing PANCASILA [Five Principles of the Nation]] to coordinate with each other as much as possible to give Indonesian citizens the opportunity to study abroad. The presidential instruction includes efforts at guidance and training.

The INPRES is based on an awareness of the rapid scientific advances in certain fields. At the same time, there is an increasing desire on the part of students, university students and university graduates to study abroad. Therefore there must be regulations about granting opportunities to Indonesian citizens who wish to study abroad.

At the same time, Minister of Justice Ismail Saleh, S.H. [Master of Laws], instructed the director general of immigration not to impede students who wish to continue their education abroad. The minister of justice conveyed this message in his unannounced inspection of the Department of Justice's regional office VII last Wednesday [3 July].

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INDONESIA

MAIN NAVAL BASE FORMED IN SURABAYA

Jakarta KOMPAS in Indonesian 4 Jun 85 p 12

[Article: "Surabaya LANTAMAL Is Formed, KODAERAL IV Is Liquidated"]

[Text] Surabaya, KOMPAS--The formation of a main naval base (LANTAMAL) in Surabaya and the liquidation of the KODAERAL IV [4th Naval District Command] was carried out officially in a ceremony held with Adm, TNI [Indonesian National Army], M Romly, KSAL [chief of staff], acting as inspector in the DAERAL IV command headquarters in Surabaya on Saturday, 1 June. Cmdr, TNI, Sriwaskito, PANGDAERAL VII [commander of the 7th Naval District Command] of Ujungpandang, now holds the post of commandant of the Surabaya LANTAMAL. The basic mission of the new base is to maintain logistical and administrative support for elements of the Eastern Fleet, act as primary command (KOTAMA) and central administration (LAKPUS) for the TNI-AL [Navy] units as well as building up the maritime potential for the region.

Adm M Romly said the LANTAMAL will be of benefit to the functioning of KODAERAL's. The functions of the DAERAL's will be reorganized to enable the LANTAMAL to work efficiently and effectively in supporting operations of the units of the regional fleet as a HANKAM [Department of Defense and Security] and social force. With a simpler organization and a shorter chain of command, the LANTAMAL is expected to be able to play a bigger role in supporting the creation of an integrated and highly capable weaponry system.

Take Speedy Action

"We must continue to be aware of the fact that in the end it is the service and the capability of our personnel that will determine our success," M Romly affirmed. The KSAL asked the commandant of the Surabaya LANTAMAL to take steps as soon as possible to manage personnel in such a way that gaps in service do not exist or that the personnel do not become bored with their Navy assignments. He said the formation of the LANTAMAL in this reorganization will result in changes in pay scales, personnel, materiel as well as resources.

M Romly hoped all personnel of the Surabaya LANTAMAL would welcome their future assignments. "The challenge of future assignments to Surabaya LANTAMAL personnel is a big one, demanding mental preparation, a strong fighting spirit as well as the maximum mobilization of capabilities," the KSAL stated.

The Surabaya LANTAMAL has the mission of controlling elements of the Cilacap Naval Base (LANAL), Juanda LANUNDAL [naval air base], the Semarang, Lembar, Kupang and Dilli Naval Stations (SIONAL) as well as the Batuporon and Benoa DENAL [navy detachment] and the Banyuwangi and Suay Surveillance Posts (POSAL).

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CSO: 4213/266

INDONESIA

MILITARY LEADERS ON RAMADAN SERMONS, CURB TO EVANGELISM

Sermons, Evangelism Praised

Jakarta SINAR HARAPAN in Indonesian 7 Jun 85 p 12

[Text] Jakarta, 6 June--Maj Gen, TNI [Indonesian National Army], Try Soetrisno, PANGDAM Jaya [Greater Jakarta Military District commander], judged that the sermons and evangelism of this fasting month were better and more controlled than they had been in past years.

He hoped that everyone was aware of this so that sermons or holy evangelism were not used for incitement, to arouse emotions, or to treat with this and that subject and thereby besmirch the sanctity of religion. The PANGDAM Jaya made note of this on Thursday morning [6 June] at the National Palace when he attended the Environment Day celebration.

The PANGDAM Jaya appealed to the public to continue to dutifully hold religion in high esteem. "Let us have only good sermons and evangelism and display unity and union."

Disunity

Our people, he said, face many challenges, but sermons and evangelism should not be used for vilification for that creates disunity. Nothing is gained by this; it is merely sinful.

Responding to a question, Try Soetrisno explained that anyone is allowed to preach a sermon because his people do not discriminate against anyone. There has been no discrimination in this respect since earlier times. However, he reminded his listeners that should some preachers begin to stray, the public properly should be reminded of this. Let us speak with care, compete with each other to do charitable work, pray and be mindful of strengthening unity and union.

Concerning the fugitive, Rutan Salemba, the PANGDAM said his organization was helping to strengthen the Greater Jakarta Metropolitan Police District.

Jakarta PELITA in Indonesian 10 Jun 85 pp 1, 7

[Text] Surabaya (PELITA)--Brig Gen, TNI, Saiful Sulun, commander of the 5th Military District/Brawijaya, acting as LAKSUS [special executive] PANGKOPKAMTIBDA [commander of the Regional Command for the Restoration of Security and Order] for East Java, told da'i (evangelists) it would be best if they were given some sort of a certificate issued by the regional office of the Department of Religion or local ulema [religious scholar] council.

These certificates would prevent da'i from evangelizing in such a way that disrupted public order, Brig Gen, TNI, Saiful Sulun replied in response to a question from newsmen at the breaking of the fast program held in the 5th MAKODAM [military district command headquarters]/Brawijaya auditorium in Surabaya on Friday evening [7 June].

The certificates would not set limits to evangelizing activities but would only hold the evangelists responsible if their preaching strayed far enough to disrupt public order, he remarked.

"We give da'i the broadest opportunities to preach, but there should be limits to such preaching," he declared.

Recommending that special certificates be issued to da'i, Gen Saiful Sulun said, was merely his personal view and had not yet been discussed with interested parties in the religious field.

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CSO: 4213/266

INDONESIA

BRIEFS

CGDK HEAD ASKED TO REMAIN--ASEAN has requested that Prince Sihanouk stay with the Coalition Government of Democratic Kampuchea for the reason that he is the only leader accepted by ASEAN and supported by the UN. This was stated by Indonesian Foreign Minister Mokhtar Kusumaatmaja in Denpasar, Bali, yesterday. Sihanouk has threatened to resign from the CGDK if the Khmer Rouge attacks his followers. He made the statement after 38 of his people were killed during February to June this year. He accused the Khmer Rouge of indulging in serious aggression. [Text] [Jakarta International Service in English 0800 GMT 1 Aug 85 BK]

PARLIAMENTARIANS VISIT SOVIET UNION--The Indonesian parliamentary delegation led by Harjantho, yesterday ended its 1-week visit to the Soviet Union and left for East Berlin for another 5-day visit of East Germany, Vice Speaker Harjantho told newsmen before leaving for East Germany that the first step [words indistinct] protocol signed by the two governments, on which occasion Indonesia was represented by Coordinating Minister for Economy, Finance, and Industry Ali Wardhana. The important thing in the present circumstances was that the Soviet Union and other socialist countries should view Indonesia's position in the realization of its free and active foreign policy, to maintain and preserve harmony, and a sound balance in international relations. In the talks with Soviet leaders, the Indonesian members of parliament offered the Soviet Union and the other socialist countries to buy more Indonesian nonoil commodities. [Text] [Jakarta International Service in English 0800 GMT 2 Aug 85 BK]

TRANSMIGRATION PROGRAM IN JULY -- A total of 3,131 families from various parts of Java were resettled to other islands in July 1985. The chief of the Central Java office of the Transmigration Department said in Semarang that some of them had moved from their original locations of their own will. [Summary] [Jakarta Domestic Service in Indonesian 1500 GMT 11 Aug 85 BK]

NEW AMBASSADORS PRESENT CREDENTIALS -- President Suharto on 7 August received the credentials of new Somali Ambassador Mohamed Ahmed Alim and new Cuban Ambassador Mrs Ana Maria Godnzalez. [Summary] [Jakarta KOMPAS in Indonesian 8 Aug 85 p 12 BK]

PLYWOOD EXPORTS TO PRC--Indonesia will export 12,000 cubic meters of plywood to the PRC in September or October following a direct trade accord with that country. A contract for the said amount of plywood export was signed in Shanghai between the visiting Indonesian trade mission and the PRC authorities. The shipment is part of the 150,000 cubic meters of plywood to be purchased by the PRC. [Summary] [Jakarta International Service in English 0800 GMT 7 Aug 85 BK]

JAKARTA MILITARY COMMANDER INSTALLED--Jakarta, 10 Aug (AFP)--Major General Sugito has taken over as Jakarta military commander from Major General Try Sutrisno who has been named deputy chief of staff of the Indonesian Army. The Army chief of staff, General Rudini, said in his installation address yesterday that Jakarta, as the nation's centre of government, economic and political activities, was bound to present a host of security problems. The Jakarta military command has a heavy task because the capital reflects the image of national stability and security, Gen Rudini said. Maj Gen Sugito, 46, who belonged to the first military academy graduating class in 1961, was previously commander of the airborne combat division of the army's elite Strategic Command. [Text] [Hong Kong AFP in English 0506 GMT 10 Aug 85]

UN INFORMATION OFFICE--Jakarta, 12 Aug (AFP)--The United Nations Information Centre (UNIC) will re-open in Jakarta within a few days, after closing 20 years ago, a spokesman said today. Hasashi Uno, a Japanese, has been appointed director of the centre and has arrived in Jakarta to take up the post, the spokesman said. Mr Uno, 50, previously served as director of UNIC in Bangladesh. The UNIC office in Jakarta was closed down along with other U.N. offices in the country when Indonesia, under the then leftist-leaning government of late President Soekarno, withdrew from the United Nations in January, 1965. Indonesia re-entered the U.N. in September 1966. The UNIC is the last U.N. office to be reopened in Jakarta. [Text] [Hong Kong AFP in English 1333 GMT 12 Aug 85]

AUSTRALIA AIDS EAST TIMOR--Canberra, KOMPAS--On Friday [7 June] Bill Hayden, Australian foreign minister, said his government would grant Aus\$750,000 to UNICEF for continuing the aid program in East Timor, according to a report received from Savitry Scherer, KOMPAS correspondent in Canberra, on Saturday. These funds are to be used to furnish basic food commodities, for health programs and for training mothers, children and families especially in isolated places in East Timor. Hayden explained that for the past 3 years the Australian government has granted funds totaling Aus\$4.3 million to aid various programs in East Timor. Since 1975, the Australian government has granted a total of Aus\$9 million. He also stressed that his government would continue to consider requests for aid to improve the economic and social welfare of the East Timor inhabitants. [Text] [Jakarta KOMPAS in Indonesian 10 Jun 85 p 1]  
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CSO: 4213/267

MALAYSIA

BRIEFS

COMMUNIST TERRORIST REMNANTS--Small groups of frustrated communist terrorist remnants are still lurking in the Rajang Security Command [Rascom] area in Sarawak. According to the chief executive officer of Rascom, Encik (Paul Ching), the remnants, numbering about 60, are living in poverty and are keeping a low profile for fear of contacting the security forces. Encok (Ching) was giving a security briefing to the visiting Sabah chief minister, Datuk Joseph Pairin Kitingan, in Sibu. He was confident that following the constant harassment by the security forces and the [word indistinct] support from the people, it will be a matter of time before the terrorists will be totally eliminated. Datuk Pairin met about 20 officers from Sabah employed in the Sarawak civil service in the First Division. The Sabah chief minister advised them to work closely with the local people and learn their culture, customs, and traditions. He hoped that they would maintain the good image of Sabah to further strengthen national integration. Datuk Pairin also visited a new 3.2-million-ringgit Catholic church at (Lanang) Road before touring Sibu town on the way to the airport. He later left for Bintulu. [Text] [Kuala Lumpur Domestic Service in English 1130 GMT 11 Aug 85]

SUBMARINE USE--Malaysia is undertaking a study to examine the use of submarines as part of its defense network. Its deputy defense minister, Datuk Abang Abu Bakar Mustapha, says the study started early this year. It is among several defense considerations being undertaken in the light of current warfare technological development. Whether Malaysia will buy submarines will depend on financial position and other requirement. The government has not provided any allocation for the purchase of submarine at present. The deputy minister was speaking to reporters after receiving the permanent secretary to the West German Defense Ministry Prof (Manfred Zimmermann) at his office in Kuala Lumpur. He said the Royal Malaysian Navy had sent several officers and men for submarine warfare training in France, Sweden, and West Germany. [Text] [Kuala Lumpur International Service in English 0800 GMT 14 Aug 85]

CSO: 4200/1375

NEW ZEALAND

EDITORIAL CRITICIZES U.S. DUTY ON LAMB

Christchurch THE PRESS in English 24 Jun 85 p 12

[Editorial: "U.S. Duty on New Zealand Lamb"]

[Text] Once American lamb producers had laid complaints against exports of New Zealand lamb to the United States, it became almost inevitable that a countervailing duty would be imposed. What was less certain was the size of the duty. It has proved to be 12 cents a pound, which is substantial. The fee is being described as a bond, which means that if price support on lamb is revised downwards then presumably some of the bond will be refunded. The reason for the imposition is that lamb exports from New Zealand have received price support; the countervailing duty is an attempt to offset the government support given to New Zealand lamb producers. The 12 cents bond is a preliminary finding. An American team will visit New Zealand soon to investigate the subsidy schemes on which the preliminary finding is based.

New Zealand lamb had managed to avoid a countervailing duty previously because it was covered by what was known as the injury test in the United States. Under this test it was not sufficient for an American producer merely to complain about an export that was subsidized; it was also necessary for the American producer to demonstrate to the appropriate American Government authority that the subsidized export was injurious to the commercial interest of domestic American producers. The injury test no longer applies to New Zealand because New Zealand has not conformed to the subsidies code in the provisions of the General Agreement on Tariffs and Trade. The United States gave notice that it expected New Zealand to conform by 1 April 1985. When it did not, the United States withdrew the protection of the injury test.

From the point of view of the United States, considerable warning had been given to New Zealand. After New Zealand signed the subsidies code in 1981, it undertook to eliminate subsidies forbidden under the code within a reasonable period; the United States was more specific about the period and said that 1 April 1985 gave a reasonable period in which to end subsidies. On 1 April 1985, New Zealand still retained some of the subsidies. The Minister of Overseas Trade and Marketing, Mr Moore, had hoped that because the subsidies were being eliminated the United States would delay lifting the exemption. The United States stuck to its original decision.



Apart from any view that might have existed, within the American Administration, that New Zealand had been given long enough, it was not surprising that the United States pressed ahead at this time with a countervailing duty.

The administration is under severe pressure to limit imports, because of job losses and the deteriorating balance of payments in the United States. Imports from Japan and the European Economic Community have become some of the touchiest issues in American politics. Had the United States Commerce Department not acted against New Zealand it is highly likely that Congress would have taken action. It would not be in New Zealand's interest to have Congress single out New Zealand, or for New Zealand to provide the occasion for more American protectionist legislation.

The New Zealand Government is reducing subsidies fairly rapidly on agricultural products and no faster moves against farmers should be considered at this time. New Zealand is left with no option but to accept the new American bond. New Zealand will need to explain its case fully to the American investigating team which will shortly come to this country. As the subsidies decrease, the countervailing duty will decrease. The action taken by the lamb producers of the United States may be a forerunner of actions to be taken by domestic producers of other commodities or manufacturers. If this proves to be the case, additional countervailing duties are almost bound to follow.

New Zealand manufacturers would then be able to refuse export incentives, but they could not do this for the American market alone if they hoped to avoid the countervailing duties. If the incentives, or other subsidies, were retained on sales to other markets, then a calculation could be made in the United States about the extent to which domestic production was still being subsidized.

One definite outcome of the action of the American lamb producers is that New Zealand will not consider itself bound any further by any gentlemen's agreement to be restrained about selling to the United States. Chilled New Zealand lamb, for instance, could compete directly with American lamb in a way that frozen lamb does not. Economic considerations might still restrain New Zealand, but not sentiment.

CSO: 4200/1335

NEW ZEALAND

POLL FINDINGS INDICATE DANGER FOR LANGE

Auckland THE NEW ZEALAND HERALD in English 26 Jun 85 p 6

[Editorial: "Public Uneasy About Economy"]

[Text]

When he became leader of the Labour Party, Mr Lange said: "I would rather New Zealand did not have a vast number of unemployed and perhaps put up with a slightly above-average inflation factor because I think that would be socially desirable." In a classic trade-off, he has raised inflation (more than slightly) and reduced unemployment. And having got what he aimed at, he finds himself with a looming political problem.

As shown in the latest *New Zealand Herald*-National Research Bureau survey, people are worrying less about unemployment and are showing increased concern about inflation. But more than that, they have

turned decisively and abruptly to "the economy in general" as their chief concern at a level not seen for six years. That heading suggests a vague and general dissatisfaction.

Unfocused disquiet spells danger for politicians because it is harder to cope with than specific concern. Mr Lange, his GST timetable gone awry, has to contemplate an election either late next year or in mid-1987; and he is faced with dispelling what looks like mounting uneasiness about his economic policies in general. Is the public giving him a message which, barring a major reversal, he will not have time to accept?

CSO: 4200/1335

RECORD \$2,706-MILLION DEFICIT REPORTED

Christchurch THE PRESS in English 26 Jun 85 p 1

[Article by Michael Hannah in Wellington]

[Text] **New Zealand ended up \$2706 million in the red on its overseas trade and financing transactions in the year to March 31, the highest current account deficit recorded.**

The Minister of Finance, Mr Douglas, maintained that the record deficit had been boosted by high debt-servicing costs for the previous Government's borrowing. He conceded, however, that last year's devaluation had immediately increased the deficit 25 per cent.

Mr Douglas promised that the figures would improve significantly this year, as a result of economic restructuring that was increasing export volumes and would reduce imports.

The \$2706 million deficit compared with a deficit of \$1614M a year ago.

The current account comprises export and import values, plus the associated "invisible" costs of transport and travel, insurance, interest payments, and income from overseas investment.

The bulk of the current account deficit was caused by a deficit of \$2667M on invisibles, reflecting high interest payments and an increase in overseas expenses for New Zealand firms, according to the Statistics Department.

This compared with a deficit on invisibles of \$1990M in the year to March 31, 1984.

Trade performance deteriorated, as a surplus of \$242M in 1983-84 was turned

round to a deficit of imports over exports of \$275M in 1984-85.

A similar picture was shown in figures for the March quarter, where a current account deficit of \$231M was recorded compared with a deficit of only \$1M in the March quarter, 1984.

Trade performance also dropped in the March quarter, from a surplus of \$313M in 1984 to a surplus of \$233M this year.

Mr Douglas predicted that this trend would turn round. Export volumes were forecast to grow 8 per cent in 1985-86, with manufactured exports expected to rise 11 per cent.

Import volumes, which Mr Douglas said had been stimulated to very high levels by the record economic growth of the last 12 months, would fall somewhat, and further assist this year's improvement in the current account balance.

Overseas exchange reserves stood at \$1970M at the end of March, this year, compared with reserves of \$3698M at the end of December, 1984. According to recent Reserve Bank figures, reserves have since bounced back to \$2439M to the end of April.

Reserves at the end of March, at \$1970M, were equivalent to 18.3 per cent, or 2.2 months, of merchandise imports in the

year to March, 1985. This compared with a ratio of 13.5 per cent, or 1.6 months, of merchandise imports for the corresponding period in 1984.

Compensatory financing borrowings, taken up to maintain New Zealand's foreign exchange reserves, amounted to \$1106M in the latest quarter, compared with \$136M for the March quarter, 1984.

Total repayments, however, amounted to \$1791M, compared with just \$27M in repayments in the March quarter, 1984.

The Opposition's spokesman on finance, Mr Bill Birch, said that the March figures emphasised the seriousness of New Zealand's deficit in trade with the rest of the world.

Since the Labour Government had come to office, most economic indicators, including the balance-of-payments deficit, inflation, interest rates, and forecasts for terms of trade had deteriorated.

He maintained that there was a slowing in manufacturing exports. Along with gloomy forecasts for farming and a deterioration in New Zealand's terms of trade, it was difficult to see improvements in the seriousness of the balance-of-payments deficit.

NEW ZEALAND

# DAILY URGES GOVERNMENT TO PUSH TAX REFORM

Wellington THE EVENING POST in English 24 Jun 85 p 6

[Editorial: "Reform Needs Salesmanship"]

[Text] Change invites fear and resistance, as the government is learning to its cost.

The government is embroiled in so much fast-paced change in economics, in society, and some would say in application of Labour philosophy, that it is in danger of being overwhelmed.

It is difficult to change public and sector attitudes about comfortable security, about a belief that what worked in the past will work in the future, and about the self-interested keeping of any privilege or advantage.

Political support from voters is much more mercurial. Witness the Timaru by-election result less than a year after National was so solidly thumped in the nationwide snap general election.

The size and sweep of problems inherited from successive governments add to Labour's difficulties. The problems concern not only the economy but also a disturbed social climate as manifested in crime, poverty, dissent and the unsatisfied demands of minorities and special interest groups.

Despite all of these influences, one of the chief measures of a government's popularity is recorded by the sensitive nerve in everybody's pocket or purse.

Rising prices and costly credit are working against the government. People who recently paid 11 percent mortgage interest rates but who now pay closer to 20 percent are not going to like the government that they hold responsible. Families and beneficiaries who have to spend all of their income on necessities are frightened by the rise in prices. They fear the still higher costs to be added by the goods and services tax.

Yet the big switch to indirect tax is vitally important for all of us. The government must do more to explain in simple terms what is involved and why it is necessary. It is time too that we were told what the rate of GST will be.

Without a big change to indirect tax we cannot have fundamental tax reform and wealth redistribution which together will put more money into the hands of the vast majority of people. The change is going to reduce tax evasion by the wealthy and will increase savings, spending and investment.

Fundamental tax reform is an important element in the government's actions to make our economy stronger, not for just an election year but in the intermediate and long term. The government has opted for bold change to bring about the in-depth prosperity that can only come from an innovative, energetic private sector able to compete without being drip-fed by workers' taxes.

Without that kind of prosperous economy no government can long sustain high quality social and other services. Recent history has surely shown that.

Labour is likely to seek to convince the public that its policies are for everybody's benefit except the tax evaders and the no hopers. It is important that they do, just so long as political salesmanship does not distort truth.

Such a sales effort is important for more than the government's own survival. If they fail to convince enough voters then Labour's political successors in government will be given a gift much larger than victory at the polls. The gift would be a restored and growing economy brought about at Labour's cost because it dared to make unpleasant but necessary changes despite the political risk.

But the loss would not be Labour's alone. New Zealand stands to be a loser too because any such fate for Labour would make future governments too scared to apply fundamental reform.

Short-term political survival is likely to be seen as more important than longer-term benefits for the country. There would be less political preparedness to trust the energy and wit of New Zealanders as a driving force. Instead the temptation would be to return to a policy of borrow and hope.

CSO: 4200/1335

NEW ZEALAND

# DAIRY FARMERS ASK CASH BACK TO FIX DEBTS

Wellington THE EVENING POST in English 24 Jun 85 p 2

[Text] Farmers have asked the Dairy Board to make full payment of its 1984-85 trading surplus to dairy companies so farmers can restructure their debt.

Mr Bruce Tolich, chairman of Federated Farmers' dairy section, said in an address scheduled for delivery today to the section's annual conference in Wellington the government's policies would stretch dairy farmers' financed to the limit.

"The devaluation that was forced on this government has and is bringing very large cost increases to the dairy industry," Mr Tolich said.

"Devaluation also brought a turnaround in overseas earning to our industry. For the fourth year in succession the estimates of the Dairy Board have been underestimated by 100 percent."

The board had decided only half of the surplus should be paid to companies, leaving \$46 million to be transferred to the reserve account, which now stood \$198 million in credit.

"It is interesting to note that figure is equal to the term loan and bank overdraft owed at present by dairy farmers to the trading banks."

The request for the full payment of the 1984-85 trading surplus was an attempt to help farmers restructure their debt, Mr Tolich said.

He criticized the government for withdrawing funding for a wide range of rural services.

"There is no mention about a reduction of staff or the elimination of some services we consider unnecessary. It seems farmers will be required to pay for these many services with little say as to whether they want them or not.

"We have already had large increases in interest rates. This year we have no ballot farms.

"Discussions are being held to settle the dairy inspection charges. The initial talks resulted in the dairy division trying to take last year's total costs then adding overheads. They then attempted to spread the cost back through the industry to the farmer.

"We were not prepared to accept that type of cost-plus administration."

Mr Tolich attacked the government for not freeing up the manufacturing sector, as had been indicated last year.

"This is staggering when one considers that our manufacturing industry is the most inefficient in the world. We as consumers are paying through the nose for this inefficiency.

"All the claims that interest rates would be lowered again by the third quarter of 1985 are now predicted for possibly next year--some comfort if you are paying 20 percent plus now."--NZPA.

CSO: 4200/1335

NEW ZEALAND

CARTOON ILLUSTRATES EFFECT OF DEVALUATION

Wellington THE EVENING POST in English 26 Jun 85 p 21

JPRS-SEA-85-134  
2 September 1985

[Advertisement: "Paper or Gold..."]





NEW ZEALAND

## AGRICULTURE MINISTER AGAINST PRICE SUPPORTS

Auckland THE NEW ZEALAND HERALD in English 26 Jun 85 p 4

[Text]

**NZPA Wellington**

The Minister of Agriculture, Mr Moyle, yesterday defended the proposed abolition of Reserve Bank price support for producer boards, saying they should be free from Government manipulation in setting prices.

Another reason for the change was that the floating of the dollar had removed some of the justification for the support, Mr Moyle told the dairy section conference of Federated Farmers in Wellington.

The Government has suggested to agricultural producer boards that stabilisation funding through the Reserve Bank should be abolished — a move that has been attacked by the Opposition.

### Fundamental

Mr Moyle said yesterday that stabilisation reserve accounts should instead be relocated in the private financial sector, either in New Zealand or overseas.

But he stressed throughout his speech that farmers were not being singled out for attack by the Government.

Mr Moyle also stressed that the proposal concerned stabilisation accounts and not trading accounts. He

said farmers were being asked to consider a fundamental change to their industry.

"But things are very different now; the floating dollar is a new situation all together."

He said that when producer boards borrowed a dollar from the Reserve Bank, the Government had to borrow a dollar from the financial market if it wanted to maintain control of the money supply.

### Heavily

"The boards have borrowed at a very low interest rate, and the Government has to borrow at the market rate, creating a considerable subsidy in interest rates to the boards."

When the boards borrowed heavily, the result was a destabilising of financial markets.

Mr Moyle said the stabilisation schemes had been introduced when New Zealand had rigidly fixed exchange rates.

"There have been significant periods when the New Zealand dollar was over-valued. This has cost our export industries real money."

"Access to Reserve Bank credit for these stabilisation accounts has been some compensation for the shortcomings of that ex-

change-rate policy," Mr Moyle said.

The floating of the dollar "to its real worth" meant that particular justification for Reserve Bank credit no longer existed.

### Follows

Mr Moyle said that because the Government had been liable for supporting prices, it had taken an active role in fixing prices.

"If access to Reserve Bank credit is withdrawn, it follows that the Government should withdraw from involvement in the fixing of basic prices."

For the dairy industry, that would mean ending ministerial powers of approval or veto.

However, Mr Moyle said that in the absence of access to the Reserve Bank, some form of "backstop" might be necessary to make sure the boards could support prices in a downturn.

"We have therefore undertaken ... to act as a guarantor of last resort in periods of difficulty."

Mr Moyle said the changes should become effective at the beginning of the 1986-87 season, but this would depend on discussions with boards and Federated Farmers.

PAPUA NEW GUINEA

## GOVERNMENT BACKS NEW CALEDONIA KANAKS

Port Moresby PAPUA NEW GUINEA POST COURIER in English 24 Jul 85 p 2

[Text]

### **The Government is taking steps to push for the independence of strife-torn New Caledonia.**

#### **The moves include:**

- Seeking an "observer status" to the South Pacific Forum for the Kanaks; and

- Calling on the United Nations to place the troubled French-administered island on the UN's list of non-self-governing territories.

The Prime Minister, Mr Somare, announced the measures last night, saying they had been approved by Cabinet.

And yesterday, Mr Somare met the French Secretary of State for Foreign Affairs, Mr Jean-Michel Baylet, in Wewak.

PNG's stance on New Caledonia was explained to Mr Baylet during the hour-long meeting, the Prime Minister's press secretary, Mr John Harangu, said from Wewak.

He said Mr Somare also told Mr Baylet that PNG was still opposed to French nuclear testing on the Mururoa Atoll.

Mr Somare said PNG recognised the legitimacy of the Kanak people as having an inherent and active right to self-determination and independence.

He said the situation was very complex but he believed a solution could be found.

The Government would seek support for its position on New Caledonia at next month's Forum meeting in Rarotonga, Cook Islands.

Mr Somare said a colonial situation still existed in New Caledonia.

Yesterday, Mr Somare told Mr Baylet: "Our (PNG) views on nuclear testing and dumping are very clear.

"We have always voiced our feelings to France, however, we feel our views are not always heard by France.

"We would like our region to be nuclear-free."

Mr Baylet said there was no danger to human life on Mururoa Atoll, where France conducts nuclear tests.

Cabinet also has decided to award two scholarships to Kanak students to study at PNG universities.

PAPUA NEW GUINEA

ABOLITION OF STUDENT UNION URGED

Port Moresby PAPUA NEW GUINEA POST COURIER in English 25 Jul 85 p 2

[Text]

Students have been urged to dissolve the National Union of Students.

Union vice-president Timothy Kiap made the call after a 12-strong delegation left for Moscow at the weekend to attend the International Youth Fair.

Mr Kiap claimed there had been political influence behind the trip.

He said the Moscow trip had been organised "out of principle" and the union had been "pushed around" by former student leaders and politicians.

The Moscow party is made up of six representatives from the two universities.

Mr Kiap said the delegation would not serve the interests of the students.

The union executive had not approved a list of names for the Moscow trip, he claimed.

Mr Kiap said the union, as a full-time student body, should have organised the trip as a "purely student affair."

He said he would ask affiliated bodies and students to help dissolve the union.

Union president Mr Daniel Opear, general secretary Ben Allan Micah, public relations officer, Goro Arigai, and Student Representative Council president, Justus Rapula, would have a lot of explaining to do on their return, Mr Kiap said.

He claimed two people in the delegation were not full-time students and politicians were initially included but were dropped for "obvious" reasons.

The University of Technology students' representative, Carl Toulik, said it was not clear how the student leaders were selected for the trip.

Another Students Representative Council president, Luke Leo, said it was vital a student body should be maintained.

CSO: 4200/1356

PHILIPPINES

EXPATRIATES IN U.S. JOIN 'MARCOS RESIGN' CAMPAIGN

HK291225 Quezon City ANG PAHAYAGANG MALAYA in English 23 Jul 85 pp 1, 6

[Text] Up to a half million signatures of Filipinos in the United States on the "Marcos Resign" manifesto were promised by both west and east coast groups to keep pressure up against the 20-year regime of President Marcos following news reports of huge foreign investments by the chief executive and others known to be close to his administration, a lawmaker told MALAYA.

Member of Parliament Homobono Adaza (Opposition-Misamis Oriental) said anti-Marcos groups based in the United States made the commitment to him after he proposed the massbased action.

"Coordinating the 'Marcos Resign' move on the east Coast is New York-based activist Heherson Alvarez while former Congressman Raul Daza is in charge of the signature gathering on the West Coast," Adaza said.

Alvarez and Daza have also told Adaza they are also linking up with Filipinos in Europe for a similar action.

"What we see now is pressure from Filipinos all over the U.S. and European countries to show the sidespread disgust over the Marcos rule," said Adaza, a vocal eritic of Marcos.

The MP said he was told by Alvarez and Daza that Filipinos follow with intense interest the news on the anti-Marcos moves in the Philippines.

Aside from the signatures, Adaza said anti-Marcos gorups are drafting resolutions condemning the huge investments allegedly amassed overseas by top government officials and close Malacanang associates.

Adaza said the 500,000 signatures, comprising around one half of the Filipino-Americans in the U.S. will be sent to the prime movers of the "Marcos Resign" move here next month.

The signatures from Filipinos in Europe may come a "little later," Adaza said.

In northern Mindanao, Adaza's base, supporters of opposition parties started the gathering of signatures 2 weeks ago.

In central Philippines, political oppositionists also complemented the "Marcos Resign" campaign with demonstrations.

Metro Manilans have formed a new group called ACRONYM [expansion unknown] which is in charge of the gathering of signatures and the pickets of the offices and establishments identified with the prominent Filipinos named as big investors in the U.S.

The SAN JOSE MERCURY NEWS in California which broke the story named among others President Marcos, his wife Imelda, Defense Minister Juan Ponce Enrile, Energy Minister Geronimo Velasco, airline executive Roman Cruz, Jr, sugar czar Roberto S. Benedicto, businessman Antonio Floirendo, Eduardo Cojuangco, Jr, Herminio Disini, Rodolfo Cuenca, Ricardo Silverio, Makati Mayor Nemesio Yabut.

The investments, the newspaper said, were made while the Philippines "is sinking deeper into the quagmire of poverty" and the "debt-ridden government" is borrowing heavily for survival.

CSO: 4200/1320

PHILIPPINES

GROUP SAYS 54 PERCENT OF FOREIGN DEBT INVESTED IN U.S.

HK261205 Hong Kong AFP in English 1042 GMT 26 Jul 85

[By Joel Paredes]

[Excerpts] Manila, July 26 (AFP)--Premier Cesar Virata today confirmed that unnamed prominent Filipinos had hidden wealth stashed abroad, some of it perhaps acquired illegally, and that the government had tried to recover part of it.

Press reports here have named President Ferdinand Marcos and other top officials as owning multi-million dollar properties abroad, and the scandal which broke last month has led to opposition clamor for Mr Marcos to resign.

Meanwhile, the U.S.-based Magdiwang group of Filipino bankers said it may take legal action to freeze foreign assets allegedly owned by prominent Filipinos involved in the scandal.

The action would be a class unit on behalf of the stockholders of the Philippines' creditor banks, group spokesman Antonio Gatmaitan said here.

The scandal began when a California newspaper, the San Jose MERCURY NEWS, said Mr Marcos, his wife Imelda and a cluster of public officials were owners of multi-million dollar properties in the United States. Mr Virata was not named in the report.

Mr Gatmaitan released to the press a memorandum to Central Bank Governor Jose Fernandez, saying the suit would show that some top Filipinos' substantial foreign assets were illegally acquired, or financed by the country's massive foreign debt.

Mr Gatmaitan, a Manila-based banker, said foreign assets owned by Filipino nationals were valued at \$16 billion.

Magdiwang, which Mr Gatmaitan says groups senior bank executives employed by some of the Philippines' 483 U.S. and West European creditor banks, would argue in the suit that the stockholders' dividend incomes "have been seriously affected by the inability of the Philippines to pay its debt promptly."

He said 54 percent of the Philippines' foreign debts, officially estimated at \$25.5 billion "have been used for real estate investments and corporate acquisitions in the United States.

"About \$150 to \$200 million (of illegally-acquired Filipino investments abroad) are readily actionable," he said.

The memorandum, which cited "unimpeachable sources" in the U.S. Federal Reserve, the World Bank and the U.S. Treasury, urged Mr Fernandez to start his own investigation and to prosecute the guilty parties.

Except for Defense Minister Juan Ponce Enrile who admitted owning a condominium in the United States, the others named in the MERCURY NEWS report denied any U.S. holding.

The allegations sparked opposition calls for the resignation of Mr Marcos, with opposition M.P.'s accusing the president of "economic sabotage" and threatening to file impeachment charges against him.

Opposition M.P. Homobono Adaza said 50 M.P.'s have signed a resolution to impeach Mr Marcos, and that it would probably be put to the legislature next week. A fifth of the 183-member parliament can initiate an impeachment move.

CSO: 4200/1320

PHILIPPINES

MINDANAO OPPOSITION PARTY CLAIMS REPRESSION

Quezon City VERITAS in English 14 Jul 85 p 18

[Article by Carolyn O. Arguillas: "The Endangered Species"; "The Ranks of an Opposition Party are Slowly Depleted by Assassinations and Arrests"]

[Text]

**A**QUILINO Pimentel loves to call Homobono Adaza's party — the M.A. (formerly Mindanao Alliance), or *Makabayang Alyansa* "Mindanao Alone." And he may just be proven right the way M.A. officials and members are becoming an endangered species these days: through assassinations, arrests, "salvaging" and other forms of threats and intimidations, an M.A. official told *Veritas*.

This year alone, the series of harassments the party faces include: the brutal slaying of Davao del Norte Provincial Chairman Atty. Romasflo Taojo, who was shot dead by unidentified armed men inside his residence in Tagum, Davao del Norte last April 2; the arrest of Region XI political officer Atty. Antonio B. Arellano and Davao del Norte political officer Atty. Marcos D.

Risonar on May 10 and 13, "on the strength of a PDA, along with BAYAN-MINDANAW Chairman Atty. Laurente C. Ilagan, for allegedly being "the leaders of the Welgang Bayan;" the cold-blooded murder of Jose Pabro, Municipal Chairman of Balingasag, Misamis Oriental, on board a passenger jeepney on June 2; and most recently, the attempt to massacre the family of its national Secretary-General Ferdinand Parrado, whose house at Lugait, Iligan City was shot at by armed men using M-16 rifles and M-79 grenade launchers.

Last year, Alexander Orcullo, believed to be the strongest contender for the mayoralty of Davao City was assassinated by a group of armed men led by one Kapitan Inggo of the People's Liberation Organization, in front of his wife and their youngest son.

"We are slowly being decimated," MP Adaza said in an interview with *Veritas*. It could be, Adaza added, a part of a grand scheme to cow us into silence, knowing very well how vocal the party is against the abuses of this regime. Considering our party strength in Mindanao, they're trying to dismember us by killing our officers one by one. This is political harassment pure and simple."

Davao City Chairman Atty. Silvestre Bello told *Veritas* that all these merely indicate a "pattern of repression and oppression against members of political parties such as M.A. who have opted for a militant stance against the US-Marcos dictatorship. Notwithstanding the repeated promises of Marcos to encourage



political dissent, these farcical gestures are clearly belied by the repression of political dissenters manifested by incidents of killings, arrests and disappearances."

**M**OST MA members are also officers of so-called cause-oriented groups actively and openly denouncing military abuses, human rights violations, among others, in trouble-wracked Mindanao. Jose Pabro, for instance, was Chairman of the Makinasudnong Alyansa Alang sa mga Mag-uuma (MAALAM), a peasant's organization. He was, according to witnesses, on board a jeepney on his way to Cagayan de Oro City when two men boarded the jeep at Baliwagan, Balingasag, Misamis Oriental.

Dinan Parrado, on the other hand, was supposed to leave for Cagayan de Oro City on June 12, after the dialogue with military and civil government officials in Iligan sponsored by the Concerned Citizens of Iligan which was snubbed by both, turned out into a mini-rally. After giving the closing remarks, however, relatives and friends came to him, telling him that a lot of military men were asking about him.

The following day, Parrado was reported missing by his wife. Five days later, he would resurface, alive. How he managed to survive is yet another story.

After the reunion with his wife, she would tell him that armed men continued to patrol their street until about three in the morning. No police report indicated a shooting incident at or near Parrado's house. However, at least 48 bullet marks were found, two shells from an M-79 grenade launcher did not explode, and 14 empty shells were recovered. A policeman would tell them later that the military collected the empty shells after the shooting. The 14 shells recovered were found in the canal. Dinan at the time of his interview with *Veritas*, is still a reluctant fugitive, forced by circumstances to leave Lugait until such time that it is safe to go back. He had just conferred with Regional Unified Command Chief Brig. Madriño Muñoz who promised to have the case investigated.

CSO: 4200/1372

PHILIPPINES

VERITAS HITS PRESIDENT'S BATASAN ADDRESS

Quezon City VERITAS in English 28 Jul 85 p 4

[Editorial: "Presidential Eyes That See Differently"]

[Text] JUST as the devil is supposed to be able to quote Scriptures to achieve his ends, so can a head of state, bent on deceiving the people on what the true state of the nation is, quote statistics to further his campaign of disinformation.

President Marcos, speaking at the opening of this year's session of the Batasan, did just that in an effort to put some sparkle into the bleak prospects confronting the nation.

The unemployment rate, he announced to the assembled lawmakers, has gone down from the 6.3 per cent during the first four months of 1984 to the 5.8 per cent during the same period this year.

This, as everybody knows, is a lot of hogwash. More and more businesses are closing shop because of the economic crunch, and more and more people are being laid off. If we include the hundreds of thousands of displaced sugar workers, the true unemployment rate, in the considered view of some economists, is closer to 45 per cent nationwide.

Mr. Marcos also said: "We expect this year to harvest the biggest rice crop ever of 163.9 million cavans, which is 1.2 per cent higher than the record rice crop in 1981." We would like to believe his sanguine prediction, but if what he says is true, why has the price of rice gone up to ₱390 per cavan of the fancy variety when it used to be ₱350 just two months ago? And why is it that we have to "recall" our rice exports to bolster our reserves if, before very long, we are going to be awash in rice?

It goes without saying that it is this blatant predilection of his to play around with the facts which has seriously eroded his credibility. No wonder the oppositionists in the Batasan dismissed the whole speech with an indifferent shrug. "He did not give us the true state of the nation," MP Ramon Mitra said.

The President, quite predictably, extended his usual olive branch to the Opposition. In citing the need for unity, and hoping to assuage widespread apprehension that the next elections would be characterized by rampant cheating, he vowed to "extend (to the Opposition) all due help and support for the holding of honest elections in the years to come." He added that he was "ready to listen to proposals on how the country should be run."

There is nothing new, of course, in all these sanctimonious pronouncements. He has made them before, and he no doubt, will make them again at the first opportunity that presents itself. It is understandable, therefore, if his critics greeted his statements with cynicism and derision.

Even his staunchest supporters will not deny that he has not done anything to bolster the people's faith in the holding of clean elections. Disregarding the people's clamor for the appointment of non-partisan persons to the Commission on Elections, he named a Comelec chairman whose track record is one of unmitigated support for all KBL candidates. Mr. Marcos also has refused to act, despite the existence of several Comelec vacancies, on the list of possible appointees recommended by the Namfrel.

As regards Mr. Marcos' promise that he would listen to any proposals the Opposition may advance, the record shows that he has consistently and blithely disregarded most, if not all, of these proposals. For instance, he did not listen to the proposal that a people's court be set up to try the Aquino-Galman case. Instead, he ordered a graft court to handle it, a graft court, moreover, with a reputation so dismal that it has not convicted a single high-ranking official for enriching himself in office.

The Opposition also suggested very strongly that an independent body be formed to probe into the unexplained wealth scandal. Mr. Marcos turned a deaf ear on this also. Instead, he named a man already so heavily burdened with work that he could not possibly do justice to the investigation. It is later than Mr. Marcos thinks. Unfulfilled promises and oratorical bombast will no longer satisfy the people. The sooner Mr. Marcos realizes this, the better it will be for the country which he professes to love.

CSO: 4200/1372

PHILIPPINES

VERITAS DEFINES, DEFENDS INDEPENDENCE FROM OPPOSITION

Quezon City VERITAS in English 28 Jul 85 p 4

[Editorial: "For the Truth Only:]

[Text] SOME quarters identified with the Opposition have chided Veritas for saying things that have been rather unflattering to certain potential presidential candidates and for commenting rather critically on certain Opposition moves in the wake of the hidden wealth scandal.

"It is the only Opposition we have," these quarters said reproachfully. "If you put it down, what do we have left?"

It is precisely because it is the only Opposition we have that Veritas has been trying to pinpoint the areas where mistakes have been committed so that the necessary remedial actions could be made.

One reason why our present government has brought us to the brink of penury and ruin was because the crony press was so fawningly, obsequiously and disgustingly complimentary that the national leaders began to believe they could do no wrong.

We want to make it clear that Veritas is not an opposition newspaper. If it sounds oppositionist, it is simply because it happens to agree with the Opposition that the Marcos dictatorship should be dismantled. But it owes no loyalty to the Opposition, or to any of the factions within that Opposition. We will continue to criticize the Opposition for remaining fragmented, for allowing personal ambition to scuttle all attempts towards unification. And, just as we have praised the government during the few times that it has done something laudatory, we will praise the Opposition for its efforts in checking the abuses of the regime and in restoring democratic processes.

When the Opposition succeeds in this task--please God, may it be soon!--we do not intend to be the new government's crony newspaper.

CSO: 4200/1373

PHILIPPINES

ACRONYM ORGANIZES IMPEACHMENT DEMONSTRATION IN BATASAN

Makata MR. & MS. in English 26 Jul-1 Aug 85 pp 10, 11

[Article by Lita Torralba Logarta: "The Day the Women Brought Out the Lion in the Speaker"]

[Text] THERE is a first time for everything and so it was the Batasang Pambansa's turn the afternoon of July 23 to witness a first-time-ever event: a demonstration right inside its cavernous session hall. And the first time the unusually lamblike Speaker Nicanor Yniguez literally blew his top and roared like a lion.

MP Nenita Cortez-Daluz (Oppo., Cebu) had just sat down from delivering a privilege speech on the reported kidnaping of Redemptorist Fr. Rudy Romano in Cebu City and MP Homobono Adaza (Oppo., Mis. Or.) had grabbed the microphone to perorate on the anti-bases resolution presented earlier that afternoon by Defense Minister Juan Ponce Enrile. It was 6:15 p.m., well over an hour since the roll had been called for a session that had not only started later than the scheduled 4:00 p.m. opening, but had started off on "the wrong foot": Speaker Yniguez had called for the public to rise for the National Anthem, only to be gently corrected by Assistant Majority Floorleader Rodolfo Albano (KBL, Cagayan) that the National Anthem is sung only on Mondays, and that the rest of the week, what is called for is one minute's silent prayer.

Then, as at a given signal, the second-level gallery on the south side of the session hall suddenly burst abloom with over a hundred white banners, all screaming: "Impeach Marcos". After a second's shocked silence (yes, even from Adaza), there was a ripple of spirited clapping from the rest of the gallery and the Opposition solons on the floor, over which Speaker Yniguez's enraged shouts now boomed: "You have no respect for this assembly! You should sit down quietly! If you cannot respect the dignity of the Batasan, get out--if not, you will be driven out!"

The Batasan security guards, who, it appeared from the number of plainclothesmen earlier noted around the premises, had been forewarned that a "happening" was scheduled for the afternoon but were caught unaware all the same, now moved to grab the banners from the demonstrators. But try grabbing anything from a determined woman, if you can.

Because most of the demonstrators that afternoon were women, reinforced by a handful of men and a goodly group of students, both male and female. Rather than wrestle with the guards, the large group moved out of their seats and headed for the doors, only to find them locked. "Let us out! Why don't you open the doors?" they protested. And they were let out, but only after Oppositionist MPs Neptali Gonzales, Hernando Perez and Hjalmar Quintana had gallantly rushed upstairs to the rescue.

Later, filing out like naughty children who had been caught after raiding the cookie jar, the demonstrators, in high spirits that they had successfully pulled off their "surprise number", dispersed in their covey of cars, helped courteously on by the Batasan security guards at the south entrance.

Thus did ACRONYM (Anti-Cronyism Movement) pull off another action in its planned program of protest against the current hottest political potato, the dollar-salting activities of administration officials and cronies. Lead organizations for the afternoon's demo were AWARE (Alliance of Women for Action Towards REform), CWP (Concerned Women of the Philippines) and MARIA (composed of Assumption College alumnae), reinforced by the businessmen and professionals of SANDATA and MANINDIGAN, plus students from the University of the Philippines, numbering the likes of Mary Concepcion Bautista, Tingting Gojuangco, Corito Araneta Kalaw, Charo Roxas Moran, Linda Garcia Campos, Gloria Macapagal Arroyo, Mariel Tolentino, Narz Lim, Yet Severino, Vicky Garchitorena, Ching Montinola, Nene Hilado, Saling Boncan, Ricardo Nepomuceno, Noel Soriano, Victor Guevara, Tony Olbes, Bobby Tino, Ric Ramos and Ramon Arnaiz.

As to why they chose in this way to ruffle the legislature's usually placid waters, the protestors said it was to make an impact on the assembly as to show that the public "supports" the move of the 56-strong Opposition solons in the Batasan to call for the impeachment of President Ferdinand Marcos, in the light of the expose on "unexplained wealth" of top officials and cronies and billions of dollars reportedly stashed away abroad.

And oh yes, Speaker Yniguez, after his initial outburst, apologized for his angry words, like the true gentleman he actually is. The demonstrators had already left, however, and no one heard his apology except the KBL MPs and others left in the hall. The session went on after the interruption. It was business as usual, with Adaza back at the mike and hardly anyone listening.

CSO: 4200/1372

PHILIPPINES

BAYAN SHIES AWAY FROM IMPEACHMENT ISSUE

Quezon City VERITAS in English 28 Jul 85 p 8

[Article by Rina Jimenez David, from reports by Jo-Ann Baena Cruz and Patricia L. Adversario: "Moves To Oust Marcos"]

[Excerpts] The "Oust-FM" movement took off in Cebu City last Saturday, as 5,000 people massed in the city park, chanting "away with Marcos" and "impeach Marcos" while copies of a draft resolution asking the national assembly to initiate impeachment proceedings against Marcos were passed around. Opposition politicians hope to obtain a million signatures throughout the country.

Last Tuesday, protestors moved their crusade into the Batasan Plenary Hall itself. One day after President Marcos formally opened this year's regular session of the Batasan, some 150 demonstrators, most of the women, interrupted assembly proceedings with a low-key protest that nevertheless caught the assemblymen--both KBL and oppositionists--off-guard.

Emmanuel Soriano of Manindigan and Toy Nepomuceno of Sandata, both groups under ACRONYM, said in an interview with Veritas, that several other activities have been lined up, aside from collecting signatures of those who want the president out, in the hopes of exerting enough pressure on the guilty officials. According to Nepomuceno, "it will take three more weeks to feel the full impact when the signatures start pouring in.

Said Soriano: "We think that it will have an effect on the cronies," explaining that ostracism would be one such result.

Other activities ACRONYM will launch will be the boycott of what they term the "crony press," the picket of crony establishments in Makati, an independent probe on the hidden wealth of government officials, and in conjunction with this, the establishment of a citizens' drop box the purpose of which is to gather information on unexplained wealth of government officials from Filipinos who may either phone in or write in their materials anonymously.

The group is also "thinking of writing to exclusive clubs abroad where they (the guilty officials) are members to inform the club of their shenanigans," Soriano told Veritas.

OPPOSITION plans for dealing with the hidden wealth issue went awry at the last minute. The previous plan was to make use of the Question Hour before filing a resolution. However, MP Adaza went ahead with his resolution and later on added the names of the other opposition members. Resolution 559 urges the "immediate investigation into the well publicized investment of Filipinos in the USA."

Meanwhile, MP Arturo F. Pacificador (KBL, Antique) and other members of the KBL, filed resolution 567, also "directing the committee on justice, human rights and good government to conduct an inquiry in aid of legislation into the alleged ownership and acquisition in various states of the USA and other countries of real property and other assets and investments by government officials and other persons to the prejudice of the Philippine economy."

MP Adaza, on the other hand, has been busy collecting one million signatures in a move to pressure the president into leaving the office he has held for the past twenty years. He estimates that since the movement started over a week ago, about 10,000 signatures have already been collected both here and in the US under the leadership of Heherson Alvarez and former congressman Raul Daza. "The campaign will be waged not only in the the US but also in Europe," MP Adaza also stated.

BUT while the so-called "moderates" or "middle forces" seem to have found new organizational vigor in the "impeach Marcos" campaign and the issue of overseas wealth, other protest groups are shying away from the issue.

BAYAN, an anti US-Marcos dictatorship multisectoral group, harbors doubts whether the "Marcos-Resign" or "Impeach-Marcos" Movement initiated by the "moderate" political opposition could gain any "headway in generating enthusiasm and support from the mass base" while denouncing the issue of ill-gotten wealth abroad.

"Nobody would believe them," said a BAYAN official with a snicker. "At best," another said, "they could only generate noise. Let's be pragmatic. The impeach Marcos movement at the Batasan would hardly ever reach first base. The majority party would kill that resolution right at the committee level.

BAYAN, however stresses that it "welcomes any move that would chip away at the Marcos regime. Marcos, after all is a formidable enemy." Sustained protest and propaganda is also essential, leaders said, as efforts have not been lacking to distract the people's attention from the issue. It noted the administration's new-found righteous outrage on the US bases and the filing of graft charges against former Information Minister Francisco Tatad.

"Unless we trace the problem's political and historical roots, we could only opt for a systematic approach to the problem," BAYAN said.

CSO: 4200/1373



PHILIPPINES

NORTHERN LUZON BAYAN, NP OFFICERS NAMED

Baguio City THE GOLD ORE in English 13 Jul 85 p 9

[Text] PROTEST and politics remain alive in Northern Luzon with the emergence of two new groups advocating change, or setting their sights at the coming local elections.

A quorum of leaders of active pressure groups from the provinces of Benguet, Cagayan Valley, Ilocos, La Union, Pangasinan and the Cordilleras convened in Baguio last July 6, 1985 to form the Bagong Alyansang Makabayan (BAYAN) to unify all cause-oriented organizations in seeking the redress of militarization and the abolition of the Preventive Detention Action (PDA).

Elected to leadership positions were Baguio FLAG Lawyer and Gold Ore columnist Atty. Arthur Galace, Tabuk-based lawyer Atty. William Claver, and Atty. Francis Baraan III. The three form the new group's Regional Organizing Committee (ROC).

Name provincial representatives were Clemente Bacani (Cagayan Valley), Fr. Jesse Hechanova (Baguio-Benguet), Cris Palabay (La Union, Ilocos, Abra), and Gary Pekas (Cordillera). BAYAN planners are lining up activities to commemorate the second death anniversary of Senator Benigno Aquino.

MEANWHILE, in active politics, former City Mayor and COMELEC Commissioner Luis Lardinzabal spirited a dissenting NP-faction to a reorganizational meeting on the same Saturday, July 6. The Nacionalistas unanimously rejected and disenfranchise, the whole set of Nacionalista Party officers elected in an earlier caucus held at the Vallejo Hotel on May 26.

In their places, the Lardizabal-headed faction elected Atty. Ruperto Guadana as chairman, Atty. Augusto Tobias as vice-chairman, Atty. Danny Farinas as secretary, Mr. Peping de la Pena as treasurer, Celso Tamonong as auditor, and Prof. Federico Balanag and Daniel Oliva as press relations officers.

It was also in the splinter-caucus that Lardizabal reannounced his bid for the Baguio mayorship, vowing to "restore Baguio to what it was--peaceful, beautiful and orderly."

PHILIPPINES

LAUREL WARNS AGAINST ELECTION FRAUD

HK060951 Quezon City ANG PAHAYAGANG MALAYA in English 28 Jul 85 pp 1, 6

[Article by Farry Sipin]

[Text] Former Sen Salvador H. Laurel, standard bearer of the United Nationalist Democratic Organization (UNIDO) in the event of a snap presidential poll, yesterday vowed to resist force with force should the ruling party resort to fraud in the election.

"They will have to kill us to cheat us," Laurel told a gathering of College Editors Guild of the Philippines (CEGP) alumni at the [Dialogue] "Usap-usapan" breakfast forum at the Sulo Hotel.

However, Laurel, who was named by his party to a pool of presidential candidates being formed by the opposition in a convention held June 12, expressed hopes that violence would not mar the election.

"I hope it will never come to pass that we will have to resort to violence to resist violence," he said.

"We want to bring about change without violence," he emphasized. Laurel said the only non-violent solution to the country's ills is a free and honest election. He pointed out, however, that people may have to risk their lives to ensure that the election is clean.

"People will fight to protect the sanctity of the ballot but we are trying to avoid that since violence should be resorted to only as a last resort," he said.

Laurel said if the administration resorts to fraud in the presidential election, violence will be justified under the theory of the "superior right of revolution" which gives the people the right to abolish the government if it becomes destructive to the very end to which it was instituted.

The opposition presidential hopeful said under the present circumstances, there is a "grievous case" which justifies a revolution and there is "a high chance" that the revolution will succeed.

He said, however, that a revolution is not justifiable at this point since there is the election as a last resort.

"What is happening to our country today is a complete bankruptcy in moral leadership," Laurel told the CEGP alumni.

He said "we are not only bankrupt economically but also bankrupt morally and as a consequence of that, the leadership is politically impotent."

Laurel said the country is in that kind of situation because the president "has enjoyed absolute power for so long and he is concerned only with staying in power."

The former Batangas solon partly blames himself and other opposition leaders for President Marcos' rise to power. He admitted that as a member of the Nacionalista Party at the time President Marcos first sought the presidency, he extended support to the man he is now seeking to unseat.

"Many of us were partly responsible for bringing about this leadership. We therefore have the moral obligation to end it," he said.

He said the dismantling of the Marcos administration is a prerequisite to the introduction of reforms. Describing the rule of the president as a "dictatorship", he said "there are so many reforms waiting to be done but we cannot begin any of them as long as we remain under the dictatorship."

Laurel, being the first aspirant to be officially proclaimed by an opposition party to the candidates pool being formed by the National Unification Committee (NUC), has a big headstart over other presidential hopefuls.

Aside from the UNIDO, three other opposition parties will nominate their presidential bets to the pool from which the various parties will select the unified opposition's official candidate.

CSO: 4200/1330

PHILIPPINES

POLITICAL EXILES EXPECTED TO RETURN DURING AUGUST

HK021513 Manila BULLETIN TODAY in English 2 Aug 85 pp 1, 14

[Article by E. T. Suarez]

[Text] United States-based opposition leaders are expected to return to the country starting this month, holding President Marcos to his promise to guarantee them "free movement and safe conduct". This was announced yesterday by former Sen Jovito R. Salonga, president of the Liberal Party [LP], who said that former Congressman Raul Daza will be the first political exile to come home. Daza is among the accused in the case against the April 6 Liberation Movement which is blamed by the government for the series of bombings in Metro Manila in 1982.

The president had earlier invited opposition leaders based abroad to return and see for themselves the conditions in the Philippines. He was quoted as saying that if they would be willing to face realities here, they would find the country to be in far better shape than they had been led to believe.

Salonga said Daza will be in charge of the LP revitalization throughout the country in preparation for the local elections in 1986 and the presidential election in 1987. Mrs Judy Roxas, one of the three top-level officers of the LP, confirmed that Daza will be given a key position in the national headquarters of the party.

Daza's lawyers, Plaridel D. Bohol and Jose Aguilar, said that the reluctance of the former congressman and other oppositionists has been partly due to the failure of the government to resolve subversion cases filed against them by the military. They, however, expressed optimism that Daza's case will be dismissed on the same grounds that the charges against Salonga, Karen Tanada, and Jake Almeda Lopez, his co-accused, were dropped.

Daza is one of eight congressmen who refused to sign the option in the 1973 constitution to serve in the interim National Assembly. A member of the LP national executive committee, he has been a national officer of the U.S.-based Ninoy Aquino Movement since 1983.

CSO: 4200/1330

PHILIPPINES

MARCOS BANS MOVIE ON LIFE OF AQUINO ASSASSIN

HK011153 Hong Kong AFP in English 1125 GMT 1 Aug 85

[Text] Manila, Aug 1 (AFP)--President Ferdinand Marcos today banned the showing of a movie about a slain gangster, named by the military as the assassin of opposition leader Benigno Aquino, and witnesses said armed troops visited Manila theaters to enforce the order.

Mr Marcos said he issued the order because the film about Rolando Galman "may violate the sub judice rule" in the ongoing trial of armed forces chief General Fabian Ver, 24 other military men and a civilian, accused of the murder of Mr Aquino and Mr Galman.

Managers and employees of some of the 24 theaters scheduled to show "my son, Lando" today told Agence France-Presse that Metropolitan Manila Command (Metrocom) soldiers went to their theaters and demanded the movie prints from them.

But they said the producer, Eladio Velacha, was yet to release the prints.

A palace statement said the president also ordered chief government censor Maria Kalaw Katigbak to hold a second review of the 2.7 million peso (\$146,000) film, which depicts Mr Galman's childhood, teen years and family life, and his plunge into the underworld.

"Pending the result of further review of the said motion picture, you are directed to suspend public exhibition of "Anak Ko, Lando" (My Son, Lando) the statement quoted the chief executive's order as saying.

Observers here say Mr Marcos' move was unprecedented. Mr Velacha was unavailable for comment today.

Earlier today, a board spokeswoman Adela Punsalang told AFP it had stopped the scheduled showing of the film, adding that the order would be in force until the end of the ongoing trial.

Mr Punsalang would not say which portions of the film were objectionable. Its producers earlier said the movie stops short of the Aquino assassination but refused to give a press preview.

The film features Mr Galman's son Reynaldo and sister Marilyn playing themselves.

Former Senator Aquino, President Ferdinand Marcos' chief political rival, was slain at Manila airport on August 21, 1983 as soldiers led him out of a plane which brought him home from self-exile in the United States.

State prosecutors rejected the military's version of the slaying and said Mr Galman was a murdered scapegoat in a military conspiracy.

The Aquino murder trial began in February and is expected to take a month or two to finish amid technical controversies between the prosecution and defense that have been elevated to the supreme court for resolution.

Mr Velacha's aide told AFP they were unaware of the board of censors' decision, and added that the theaters may back out of their existing commitment to show the film because of the controversy.

Meanwhile, a court in nearby Makati District yesterday granted a newsman's petition to stop the film's showing pending resolution of a suit alleging that his exclusive movie rights to the life of Mr Galman has been violated, court records show.

Journalist Ruther Batuigas claimed in a court suit filed Tuesday that Mr Galman's mother Saturnina last year granted him exclusive rights to "investigate, research, write a story, relate or otherwise translate into film" Mr Galman's life.

Mr Batuigas, police beat reporter and columnist for the Tempo tabloid, is famed for having depicted his and those of notorious underworld figures' exploits in film.

He sued Mrs Galman and Mr Velacha and asked that he be paid 1.315 million pesos (\$70,698) in damages.

CSO: 4200/1320

PHILIPPINES

DAVAO MUSLIM-CHRISTIAN DIALOGUE BELIES WARFARE CLAIMS

Quezon City VERITAS in English 14 Jul 85 p 18

[Article by Carolyn O. Arguillas: "Mindanao--No Muslim-Christian Conflict"]

[Text]

**T**HERE is no such thing as Muslim-Christian conflict. The conflict is merely a creation of the regime." This was the reiteration of delegates to the Muslim-Christian Dialogue held in Davao City last June 30, the day members of the Moro National Liberation Front (MNLF) were reported to have kidnapped a priest, a nun and two lay workers in Basilan, and four months after Ipil Bishop Federico Escaler was kidnapped reportedly by members of the MNLF.

The delegates to the Muslim-Christian Unity for Justice, Freedom and Democracy dialogue stressed the "US domination of the country's politico-economic life; the backward agrarian economy; and a state machinery beholden to foreign monopoly capitalist dictation -- not the 'Moro-Christian conflict' constitute the root causes of the exploited and oppressed state of the

Moro and majority Filipinos."

A history professor who declined to be identified pointed out that the "Muslim-Christian" conflict which the government views as a problem brought about by differences in religion, does not hold any water. The professor and People's MIND Chairman Atty. Fred Gapuz said that difference in religion is merely an excuse on the part of the government. "We believe in one God. The Muslims may call Him Allah and Christians may call Him Diyos but He is still God."

The government is merely trying to shatter Muslim-Christian solidarity in Mindanao, they said. "We have to fight because somebody is manipulating us," asserted the professor. Historically, he said, this can be viewed from three different perspectives: religious, economic, and political. "As a legacy of our colonial past, we were told not

to trust Muslims, and in the like manner, Muslims were taught not to trust Christians. They would like to present the so-called Muslim-Christian conflict as an extension of the Crusade in Europe. When the Spaniards came here, they did not come here to teach religion. They did not come here to save our souls. They came here for economic reasons. And the Moros at that time controlled economic trade. In the political aspect, from 1905 to 1968, there were 10 proposals to separate Mindanao and Sulu from the Philippines. Five out of these 10 were sponsored by the Americans. Why? Because Mindanao is a land of promise. Mindanao can stand without Luzon and Visayas. But the Philippines cannot stand without Mindanao. The transnationals are here. Wherever they are, the military is there--not to secure the natives, but to secure the interests of these transnationals. Then they come up with the political divisions, so mapped out that it creates divisiveness, it creates a majority-minority problem, when these political divisions should have been

done away with. And of course, we have the divide-and-rule theory. We are being used actually. We are the victims. We are made to believe we are enemies when we are not."

GAPUZ shared his insights with the delegates. Shortly before Martial Law was declared, student unrest was at its height, he said. "Marcos did not mind that. When this so-called Muslim-Christian fighting erupted, he magnified this. This was just confined in the Lanao provinces. Why did it spread to Cotabato? We must remember that the Provincial Commander of Cotabato had his private army--the Ilagas. What happened to this Provincial Commander? He became Governor. And he is now a deputy minister. Marcos declared Martial Law simply to put himself in power, position his men, and gain economic power. Look around you, in Muslim-dominated areas, the government uses CHDFs and fanatic groups. In non-Muslim-dominated areas like Davao, it uses the Tad-tads, the Moncadistas. Why? Because for as long as we Moros and Christians are 'quarelling,' we will forget Marcos. That is divide and rule tactic."

Gapuz added that a few months back, two men from the National Defense College approached him for help in their thesis entitled "An Economic Approach to the Development of Mindanao in relation to the Mindanao Problem." It was only then, Gapuz said, that he found out that in the past 15 years, various theses on the so-called Mindanao problem with their recommendations have been submitted. There is a continuous move to keep Mindanao in perpetual unrest to justify more military aid and support and economic control, he added. "This so-called Muslim-Christian conflict was created, developed and magnified so there would be a perpetual unrest here which gives a reason for Marcos to continue his dictatorship and to continue asking aid and for his cronies to control the econo-

mic empire that is Mindanao. *Ginagamit lang kita. (We are being used.)*"

In a letter to the Editor, published in the March 21 issue of the *Far Eastern Economic Review*, Reda Mohammad, liaison officer of the MNLF based in Jeddah, Saudi Arabia in denying any involvement of the MNLF in the kidnapping of Bishop Escaler wrote that: "The MNLF takes this opportunity to warn legal political oppositionists, the civil and human rights activists such as Bishop Escaler, the armed struggle of the National Democratic Front and the Sandigan, the Ifugao minority and so on, not to fall for the Philippine government's manipulations and schemes to divide and rule, and weaken their active resistance against the perpetuation of the Marcos-military dictatorship."

CSO: 4200/1372



PHILIPPINES

10-DAY CONFERENCE OF MUSLIM REBELS ENDS IN MINDANAO

HK010903 Hong Kong AFP in English 0826 GMT 01 Aug 85

[Text] Maguindanao, Philippines, Aug 1 (AFP)--Thousands of Filipino Moslem insurgents have ended a 10-day conference in this southern province urging unity among their comrades and a renewed holy war for autonomy.

The conference was held by a major faction of the Moro National Liberation Front (MNLF), which waged a bloody rebellion in the 1970's for a separate Moslem state, but this has waned amid internal wranglings and mass defections by its members.

The MNLF reformist group, which has shifted its demand to autonomy rather than secession, held its conference in an abandoned school in this province some 900 kilometers (560 miles) south of Manila.

It said 7,000 members took part in the conference, which ended yesterday.

The meeting was the latest development indicating renewed activity among Moslem dissidents in the large southern island of Mindanao.

A conference spokesman, identified as Commander Carlos al-Haj, told reporters that the main purpose of the gathering was to try to unify the MNLF factions and plan the "political and economic aspects of the revolution."

The secessionist campaign engaged almost half of the Philippine armed forces in bloody battles for several years after the MNLF was formed in 1972, but the Moslem issue has now been overshadowed by an escalating communist insurgency.

There are now three main MNLF factions. Only the one headed by self-exiled MNLF Chairman Nur Misuari still insists on secession.

The third faction, the Moro Islamic Liberation Front (MILF), has also lowered its goal to autonomy for Moslems as specified in the 1976 Tripoli agreement between the MNLF and President Ferdinand Marcos's government.

The reformist group, headed by Dimas Pundato, passed a resolution urging Mr Misuari and the MNLF led by former MNLF Vice Chairman Hashim Salamat to unify with them and press for autonomy.

Mr Al-Haj said conditions for a reunification and a MNLF resurgence were brighter because the 200,000-strong armed forces were now preoccupied with fighting communist New People's Army (NPA) guerrillas throughout the country.

The reformists also passed a resolution calling on the Philippine Government to resume negotiations on the Tripoli agreement, mediated by Libyan Leader Moammar Khaddafi, to avert further bloodshed.

The agreements, which provided for political autonomy in two Moslem regions in Mindanao Island, temporarily stopped the fighting, but all MNLF factions have since denounced its implementation as a farce.

They also urged the U.S. Government to withhold military assistance to the Philippine armed forces until the Moslem autonomy question is resolved.

CSO: 4200/1320

PHILIPPINES

BICOL SECURITY SITUATION PROFILED

Quezon City ANG PAHAYAGANG MALAYA in English 1 Jul 85 p 9

[Article by Jhona Balindan: "Region V Today--Military in Control?"]

[Text]

"There has been no major developments in so far as insurgency is concerned," said Col. Renato De Villa, officer-in-charge of the Regional Unified Command V and the regional commander of the Philippine Constabulary /Integrated National Police based in Legaspi City.

He said the people's daily activities have not been disrupted as insurgents from the Communist Party of the Philippines and its military arm, the New People's Army, have continuously failed to enlist the assistance of Bicolanos in their effort to mobilize the people of the region to fight the government.

"It is my firm belief that the Bicolanos will not go for communism," De Villa noted.

He said the NPAs have so far limited their activities to recruitment of possible regulars and training them for guerilla warfare, propaganda and collection of forced taxation from hapless and passive Bicolano farmers, landowners, businessmen, and teachers.

The regional military head added that they continuously monitor possible offensive operations on the insurgent's side but discounted the possibility of conflict escalating to the level of Negros and Davao provinces within the next two years.

The Bicol region (pop.

3,476,900) is composed of four mainland provinces and two island provinces and serves as a link between the Visayas and the Mindanao island groups to the National Capital Region. There are three battalions from the Philippine Marines and the Military Police Brigade serving as maneuver forces and provincial constabulary and police commands providing security, not only for the Bicolanos but for the Southern Tagalog and National Capital Regions, the Bicol Region being the gateway to Luzon from the south.

The military has fielded and maximized to the fullest all its resources to continuously put the insurgents on the defensive and prevent them from organizing themselves and their supporters into larger groupings.

The Bicol-based members of the outlawed New People's Army pride themselves with armaments of both World War II and sophisticated arms such as armalites, a few AK-47s, several M203s and M-79 grenade launchers taken from successful ambushes against government troops a couple of years ago. A "sprinkling" of sophisticated arms (FALs and Fabric Nationals), both Belgian-made, reached the region for one reason or another. Col. De Villa

said 40 per cent of the NPA regulars are utilized during armed confrontations to bring home wounded and dead guerillas and to recover left firearms.

The regional military commander said the clergy plays an important role in the fight against communist insurgents. The priests keep the Bicolano's faith while they serve as venues for complaints and grievances, "especially from the underprivileged and the unlettered."

De Villa said the military and the clergy are closely working together, even at the parish level. There are a few clergymen and religious actively participating in human rights and protest groups but there is no possibility of having a regional religious-insurgent in the likes of Fr. Conrado Balweg in Northern Luzon. The NPA elements have so far inflicted the government troops some losses since Jan. 1 through ambushes and encounters. Two constabulary, 9 CHDF personnel and 12 police elements were killed since Jan. 1. Two officers, 7 enlisted personnel and 7 CHDF elements were also wounded. There were 25 encounters between the NPAs and the military resulting to the death of 33, the wounding of four others which eventually led to their arrest and that of six surrenderees, all of whom have been considered important personalities in the NPA hierarchy.

Civilians have also suffered casualties in the often-bitter armed confrontations between government

troopers and NPA guerilla units. Some have also been liquidated on suspicions of being government and military informers. Fifty-five civilians, including four government officials, have also been killed while 18 others were reported wounded.

Forced taxation has reportedly been implemented by operatives of the NPA as disclosed by farmers in the hinterlands of the region. An 80-year-old farmhand from Guinobatan, Albay said she made these armed men sign her notebook attesting to their receipt of whatever they got.

"Dae man kaming maguiginibo (There's nothing we could do)," she regretfully answered when asked if she could resist demands from the NPAs. Several landowners have also decried the fact that they couldn't get their proper share in the harvests as NPAs have collected about 10-15 per cent of agricultural crops and livestock.

Bureau of Internal Revenue director Cirilo Francisco said he has never received any request or plea from landowners and farmers into settling lower income taxes due to alleged forced taxation of the NPAs.

He said he has heard rumors that tenants themselves lie to their landowners into alleging that NPAs are behind the reduction in their share of income.

Francisco further added that most affluent Bicolanos fear losing their lives should they resist the NPAs' demands. He, however, surmised that there is a strong possibility that farmers and landowners could still afford to pay taxes due the government as well as the NPAs.

PHILIPPINES

MALAYA EDITORIAL ON NPA STRENGTH, POPULARITY

HK291231 Quezon City ANG PAHAYAGANG MALAYA in English 22 Jul 85 p 4

[Editorial: "NPA Strength"]

[Text] It has now become an accepted fact of life that nothing can ever induce the present regime to mend its ways. This is a strong reason, if not a primary one, why the New People's Army, the supposed military arm of the Communist Party of the Philippines, continues to gain strength and support among a predominant number of hinterland folks who have grown sick and tired of their rulers.

This strength and support have, in the few years especially, been made manifest in many parts of the country. The NPA had overran whole towns and army detachments and barracks and called press conferences with foreign correspondents that reduced military intelligence to a laughable bunch of high school kids and, with impunity, had pursued their mission in Metro Manila to the consternation of the authorities. Of comic recency is the "encounter"--pardon the quotation--between an army intelligence group and about four members of the NPA Sparrow Unit in Project 7 which left the authorities holding an empty bag, both literally and figuratively, amidst derisive cackles from an amused populace.

The latest of this series of NPA assaults would seem to prove the ever growing strength of the movement. In a statement released to the news agencies, it claimed responsibility for the recent toppling of more than 30 transmission towers of the country's first nuclear power plant and vowed to prevent its opening and operation which had been approved by President Marcos. The statement also claimed "the people's firm determination and unity" for this act of sabotage against what it termed the "monster" nuclear plant. In a message to the "regime which has already exacted so much blood and money from the people," it reiterated its intention "to carry on the fight by all available means to stop the nuclear plant's operation."

From a mere 5,00, the NPA movement has grown into what is now estimated to be at least 25,000 in manpower in the last decade of the regime, and there are indications that it continues to grow. If one reads any meaning in this, it is that the sentiments of the people are on their side.

The irony for the government is the emerging reality that these sentiments have been transformed into not only moral but outright physical support for the dissident movement. And for this, it has only itself to blame.

CSO: 4200/1320

PHILIPPINES

REFORMED REBELS REVEAL NPA SECRETS AT DAVAO RALLY

HK300201 Manila METRO MANILA TIMES in English 29 Jul 85 p 3

[Text] Davao City-Six reformed rebels headed by Kumander Dante recently exposed secrets of the New People's Army (NPA) during a rally for peace organized by Marine Col Rodolfo G. Biazon.

The rally was held at the University of Mindanao gym and lasted for 4 hours before a mixed crowd of students and faculty members.

Dante is a surrender from South Cotabato.

Replying to questions, Kumander Dante and his companions:

- Confirmed terrorist links with legal and labor circles.
- Disclosed how kangaroo courts ordered rebels to kill their wayward relatives.
- Revealed that the NPA escaped military detection by using women to ferry arms to NPA assassination teams.
- Warned students of the regimented life of the NPA, and
- Claimed that the NPA has infiltrated some government offices.

The other ex-rebels introduced themselves as Berting, who recently surrendered to Mayor Elias B. Lopez; Kumander Joy, who was used by Sparrow units to carry death lists and weapons; Clara, intelligence officer; and Joker, a taxation agent.

The only way to have peace is to stop supporting the NPA, Kumander Dante said. "Support them and it will mean the death of us all in the end," he said.

Meanwhile, a group of five communist outlaws left one of their companions dead, another seriously wounded and a third captured in an encounter with law enforcers in Barangay Sarabia, Koronadal, South Cotabato Tuesday afternoon.

Killed was Merelyn Potenegra alias Gigi. Her companion who was seriously wounded was known only by the alias Michelle and surnamed Bacalso. The third

man, identified as Gabriel Flores, surrendered to the lawmen led by a provincial guard.

Two others, known only by aliases Rudy and Jane, managed to escape. Operations by the police team yielded jungle backs containing assorted clothing and subversive documents.

Meanwhile, three more communist bandits were killed in a gunbattle between a large group of armed communists and teams led by Col Jose Hidalgo, RSAC XI chief.

Hidalgo's team, composed of two reinforcement units, were air-dropped at Balatukan River in Matanao and later linked with other teams from the Davao del Sur provincial command.

Three more teams led by P/Capt Ildefonso Bermudo, with the Magsaysay station commander, jumped off Wednesday to act as reinforcements.

The deployment of the teams was ordered by Brig Gen Dionisio S. Tan-Gatue, Jr, Recom XI Commander, shortly after a report reached Camp Catitipan headquarters here about an impending attack by the communists of Cabasagan in Matanao.

CSO: 4200/1320

PHILIPPINES

TROOPS CAPTURE 3 LEADERS IN NPA CAMP ASSAULTS

HK051457 Manila PHILIPPINES DAILY EXPRESS in English 5 Aug 85 p 6

[Text] A three-week assault of rebel camps in Abra, Benguet, and the Mountain Province has resulted in the capture and surrender of three New People's Army leaders, 11 of their subordinates, and 350 followers.

One of the leaders, Dionisio Dugao, was captured last Friday in a helicopter-borne operation of a 30-man team from the 45th Infantry Battalion in barangay Quili, Tubo, Abra. Dugao, reported by the PHILIPPINE NEWS AGENCY [PNA] to belong to the Western Front Committee under rebel priest Bruno Ortega, a contemporary of renegade priest Conrado Balweg, was acting as lookout of an NPA command post when captured.

The PNA said it was Ortega's group that raided last May the Tubo town hall, killing a CHDF member, and a Civilian Home Defense Force detachment in Boliney, Abra, where two CHDF members and a soldier were killed.

Two other NPA leaders, Diong Abeden and Osias Dagasi, and their subordinates and supporters surrendered when the military overran two NPA base camps in Kubungan and Bakon, at the Abra-Benguet-Mountain Province boundary. The two were both vice team leaders of a certain Ka Daren, one of Belweg's key men. A soldier, a Civilian Home Defense Force member, and five NPAs were killed in the base camp encounters.

The surrenderees last Saturday also swore allegiance to the government before Brig Gen Tomas Dumpit, regional unified commander for Northern Luzon. The vice team leaders surrendered their firearms and ammunition to Dumpit.

Abeden told the military their barangays could no longer supply the rebel group with food since the NPA top leaders' promises to alleviate their living conditions remained unfulfilled. Abeden also asked Dumpit to act on the surrenderees' appeal to the government for more foot bridges to connect the highland barrios, and more teachers for schools in areas far from the town proper.

CSO: 4200/1330



PHILIPPINES

TROOPS KILL 22 NPA GUERILLAS IN SEPARATE CLASHES

HK061523 Manila PHILIPPINES DAILY EXPRESS in English 6 Aug 85 pp 1, 6

[Text] At least 22 New People's Army guerillas and two civilians were killed in separate encounters with government troops Saturday, reports reaching Camp Aguinaldo yesterday said.

A former HMB [expansion unknown] commander was also wounded.

Soldiers belonging to the 35th Infantry Battalion killed 10 communist guerillas in Bacong, Tulunan, Maguindanao, in an encounter.

The troops recovered the bodies together with 11 high-powered rifles after a two-hour firefight.

Also nabbed were four M-16 Armalite rifles, six M-1 Garand rifles and a Belgian-made Fal G-1 rifle.

No casualties were reported on the government side.

In Cabanatuan City, five NPA rebels were killed when soldiers raided the house of a barangay captain in the city. One soldier and a militiaman were killed in the attack.

Two more NPA guerillas were killed in a clash with government troops in General Santos City. Another rebel escaped during the gunbattle.

In the Ilocos region, five more NPA guerillas were killed when government troops overran two rebel camps. Three others were captured.

CSO: 4200/1330

PHILIPPINES

MILITARY CLAIMS REBEL SUPPORT DROPPING

HK062357 Quezon City Maharlika Broadcasting System in English 1100 GMT 6 Aug 85

[Text] Military authorities today dismissed claims that the New People's Army [NPA] has inflicted heavy losses on government forces since April of last year. Juan Francisco reports.

[begin recording] Reports issued by the AFP [Armed Forces of the Philippines] headquarters at Camp Aguinaldo manifest that the NPA suffered 2,278 killed, 493 captured, 265 (regulars) and 264 active support elements surrendered, 540 regulars apprehended and 301 assorted firearms captured. Mass-based support of the insurgents registered a drop of 2,009, or 39 [as heard--FBIS] from a strength of 6,897 of April last year.

This setback of the insurgent organization is attributed to its desperate campaign of terror which has claimed more than a thousand innocent lives. Atrocities committed during the period include 1,496 liquidations, 47 kidnappings, 254 harrassments, 89 holdups, 16 hijackings, and [words indistinct] and arson activities.

Meanwhile, coercive [word indistinct] and other forms of activities intended to solicit funds continue. These developments, Brig Gen Eduardo Ermita, chief of the Civil Relations Service of the Armed Forces, expects intensification of (?interim) propaganda to recover popular support which has been drastically reduced on account of successful AFP operations. [sentence as heard] [end recording]

CSO: 4200/1330

PHILIPPINES

MILITARY CHECKPOINTS BECOME 'PUBLIC ASSISTANCE CENTERS'

Quezon City VERITAS in English 14 Jul 85 p 17

[Teet]

**T**HERE are no more military checkpoints and detachments in Mindanao. That is, if the new billboards which have suddenly sprouted in the area are to be believed.

In a renewed effort to "win the hearts and minds of the people" in Mindanao, the military has changed the name of its checkpoints and detachments into "Public Assistance Points" and "Public Assistance Centers." The changes, however, do not mean changes in the functions of these centers.

"What's in a name if the operation's the same?" asked a jeepney passenger. Another queried: "Where in the world can you find military men asking passengers to get down for body searches or baggage checks, all in the name of public assistance?"

"I don't mind if they put up checkpoints, for as long as those manning them are not rough," said another.

"I know it is not really popular with the people because they are inconvenienced," Brig. Gen. Jaime Echeverria, Regional Unified Command Chief told *Veritas*, "but it is one of the tactics in counter-insurgency. We have to ferret out the bad elements from the good elements. You see, without this insurgency, there would have been no need for checkpoints."

"We cannot remove the inconveniences," the General added, but "we should be able to balance this inconvenience with tactfulness and respectfulness on the part of the soldiers, and even the paramilitary." For instance, Echeverria said, those manning the public assistance points or centers should have the proper attitude. They should always act on the presumption that the passengers are non-violent and are not insurgents. But they should not lose their guard, too. They must maintain their composure without being belligerent. It should be more of assistance really. They must assist the people."

In one of these Public Assistance Points at Nasipit, Agusan del Sur, a Muslim passenger was asked to get off because he had several big bundles

of mats in the baggage area of the bus. A soldier in uniform sans the name cloth, brought him outside and talked with him for about five minutes. Asked later, the Muslim businessman told *Veritas* he was asked to give a "donation."

**S**OMEWHERE in Montevista, Davao del Norte, a group of lawyers from Butuan on their way to Davao City were reprimanded for turning on their headlights at about six in the evening. The lawyer on the driver's seat explained to the soldier (in uniform, sans name cloth again) that darkness had set in. Gruffly, the soldier asked the lawyer at the wheel to park the car on the other side of the road. A lady lawyer introduced the group to the military men, and the change in the manner among the soldiers was readily perceptible.

A jeepney driver plying a long-distance route complains of having to give some financial "assistance" to every Public Assistance Point he passes by.

Others manning the checkpoints wear civilian clothes and rubber slippers. Most of those in uniform do not wear name cloths. "Funding is a basic reason" Echeverria said, why some are not in proper uniform. The General, however, added, that "notwithstanding this problem, the station commander or squad leader must see to it that his men are properly dressed: shined shoes, clean socks, pressed uniform, and cap. He should inspect his men before sending them to man the checkpoints."

Whether or not more hearts and minds can be won over by the military in this latest effort at "public assistance" remains to be seen.

CSO: 4600/1372

PHILIPPINES

REPORT ON INVESTIGATION OF 'DEFECTIVE' MILITARY HARDWARE DEAL

Makati MR. & MS. in English 26 Jul-1 Aug 85 pp 34, 35

[Article by Erness Sanchez]

[Text] AFTER the United States Army got wind of the millions of dollars lost by the Armed Forces of the Philippines in its acquisition of defective military hardware, a top-level committee was sent to probe the high-tech equipment deal.

The move was made to ensure that the \$49.9 million of Foreign Military Sales Credits (FMSC) will not suffer the same fate. Another \$49.9 million of FMSC funds will be tapped to acquire more sophisticated vital communications hardware for the country. This is the second phase of a grand design of the Armed Forces of the Philippines to modernize its military museum prices.

But even before the funds were disbursed, an investigation had taken place involving the estimated \$100 million military high-tech equipment which has been turned into white elephants all over the country (Special Edition July 19-25).

As a result of the earlier expose published in this magazine last week, the AFP has now retrieved all the defective Rockwell Collins equipment in the various sites where it was formerly exposed to the elements. The high-tech instruments are now in the military's secret storage areas in various military camps.

It was revealed that the U.S. Army Communications Systems Agency at Fort Monmouth, New Jersey and the U.S. Army Communications-Electronics Engineering and Installation Agency at Fort Huachuca, Arizona was verifying reports that there was an intent to deceive the AFP about the contracted military hardware. Preparation of the contract specification and material acquisition were the responsibility of the U.S. Army Communications-Electronics Engineering and Installation Agency. Both fortresses are known to be the nerve centers of the U.S. Army and known MX silos.

In the dumping of the grossly defective and almost unoperational high-priced items it was alleged that some persons in high authority from the Joint United States Military Assistance Group (JUSMAG) together with representatives of

Rockwell Collins finalized the arrangement for the equipment mix. It was also alleged that certain members of the AFP directly participated in the deal. A Rockwell Collins official bragged to both JUSMAG and local military officials that the Pentagon had already granted in principle the lion's share of the contracts to Rockwell-Collins. It was pointed out that JUSMAG, local military men and Rockwell Collins officials held numerous parties during and after the negotiations and finalization of the agreement. At least two members of JUSMAG were involved and about a handful of military men. The fingered military men are no longer in the service. It was learned that even the military signal officers knew of the specifics and who were involved in the deal.

Certain members of the military establishment were given front money to persuade them to go along with the venture. The officers received their cash rewards from the Rockwell Collins-appointed Chinese agent. The agent to ensure the deal would push through paid at least \$200 per piece of information on the requirements of the AFP that would then be relayed to JUSMAG. Aside from this amount there were reports that the group received \$500 weekly doleouts so that the negotiations would not miscarry. The Chinese agent promised both the JUSMAG and military officials that in the event the equipment package arrived in the country they would receive a hefty bonus if it was found that nothing was wrong with the military hardware.

It was learned that the electronics giant was not part of the grand jury investigation being undertaken against Amworld for the \$6 million missing funds because of its political pay-offs. Amworld in its defense charged that some \$13 million has been spent for the contracted agreement.

The investigation also looked into the \$49.9 million funded projects. The additional FMSC package will be employed for the telephone switch network, automatic messages switch system, the specialized communications electronic system (SCES), other microwave system and other telephone systems. The country will draw \$40.43 million for the first stage of the program and the balance of the \$9.5 million will be disbursed during the final stages of completion.

This move was taken to prevent the recurrence of the sad experience of the AFP after the equipment sold by Rockwell Collins and its allied firms failed miserably to conform with the AFP expectations and specifications. The five supportive projects are expected to be completed within the next three years. But the report stressed the visibility of these projects has been under question since the \$100 million equipment fiasco.

The FMSC package was taken from the funds of the RP-U.S. Military Bases Lease Agreement in 1970. This agreement was a five-year arrangement wherein the U.S. was to pay the country \$500 million in exchange for the rental of preferred sites in Luzon. The FMSC is a loan scheme which carries a 14 per cent annual interest charge and will have to be paid starting 1991. This means that aside from the \$250 million package the country will have to shell out \$35 million for interest payments.

Preparation for the equipment in the various sites for the five additional projects have yet to be totally completed, it was discovered. The additional communications equipment may not jibe within the specified sites as the purchased hardware from the two contracted entities Rockwell Collins and Amworld were still not fully in place while other sites have yet to undergo start-up operations.

A U.S. report noted that these new equipment may likewise be in jeopardy since the AFP may not be in the position to handle the basic operations of the various systems. The hard lesson learned from the acquisition of Rockwell Collins machinery was that without the much needed expertise in putting up these systems the ear-marked machinery was not of much use and will eventually rot as the Rockwell Collins items did.

Rockwell Collins, which is known to contribute handsomely to U.S. political parties, has flatly rejected all moves by the AFP to extend a thorough training program so that the high-tech equipment could be used. The electronics giant still sticks to its proposal that the AFP shoulder the added cost for the training program.

In the Rockwell Collins experience, the report pointed out, that the AFP committed serious mistakes in the handling as well as the installation of the systems because the military men were not well versed with the system. This observation was further reinforced when the fact-finding mission dispatched by the U.S. Army described in its evaluation report that Foresight Sierra III the codename for the AFP's ambitious communications program was not fully operational. The report stressed that many of the sites are operating in a seriously degraded or marginal condition. Many of the radio links and stations are in hazardous condition and further degradation in the operations of the equipment could be result in complete disruption of communications.

The five additional electronics projects, the report emphasized, may not be assured of full operation until the two previous projects of Rockwell Collins and Amworld are fully in place.

CSO: 4600/1372

PHILIPPINES

REPORT ON 25 JULY 85 MARCOS BUDGET MESSAGE

HK261431 Manila PHILIPPINES DAILY EXPRESS in English 26 Jul 85 pp 1, 6

[Text] President Marcos proposed yesterday to the Batasang Pambansa an overall outlay of P92.9 billion for 1986 to support, he said, the smooth implementation of the national recovery program.

But only P69.4 billion was presented to the Batasan for consideration. The president explained the difference will come from continuing appropriations under the Public Works Act and other laws.

In his budget message, the president said that the amount represents the total obligations that the government is expected to incur next year. The proposal is 9.9 percent or P9.3 billion more than the current national appropriation.

The budget proposal will be discussed in the Batasan committee on appropriations starting July 29. Under the law, the Batasan must act on the budget in the first 30 days of session.

Prime Minister Cesar E.A. Virata is expected to formally open the debates with an appeal for early approval of the outlay, to be followed by the sponsorship speech of Budget Minister Manuel. Alba, chairman of the committee on appropriations.

How the budget shapes up: defense, P11.2 billion; national assistance to local government units, P10.9 billion; education, P8.7 billion; national priorities support fund, P8.4 billion; health, P3.3 billion; personal benefits funds, P3.3 billion; public works and highways, P2.3 billion; state universities and colleges, P2.3 billion, and general fund adjustment, P2 billion.

The president's message calls for restricting the cash budget deficit to P6.9 billion or 0.9 percent of the gross national product.

The GNP is estimated to reach P768.7 billion next year based on current prices. This year's GNP is estimated at P678.4 billion.

The proposed budget also considers a projected decline in the inflation rate from 25 percent this year to 10 percent next year.



The president said that a streamlined budget is being presented "under much improved and upbeat circumstances," apparently referring to the financial problems that have been resolved with the conclusion of credit arrangements with international institutional banks and other financial institutions.

"Our then fragile stability is now in more solid basis as the measures of adjustment and restructuring have been put in place," he said.

The president noted that the nation has "regained the confidence of international investors" following signing of agreements with the international financial community.

This, he said, "is crucial to trade, investments, and development--the essential ingredients for economic recovery. [quotation marks as published]

"TBT commend public understanding and appreciation of our conditions in this is cognizant of the sincerity and capacity of the government to improve overall welfare," the president said.

The president also said the government recognizes the private sector's sustained entrepreneurial initiatives and responsive managerial options inspite of adverse circumstances.

"These factors are crucial to sustaining the stability we have gained. All these in turn will lay the basis for faster recovery," the president said.

CSO: 4200/1320

PHILIPPINES

EXPATRIATES TO TRY TO FREEZE OVERSEAS ASSETS

HK050949 Quezon City ANG PAHAYAGANG MALAYA in English 31 Jul 85 p 7

[Article by Ana Mariano]

[Text] A group of Filipinos said last week they will move to "freeze", through legal action, some \$16 billion in assets abroad owned by the Marcoses, other government officials and their friends, and eventually help pay off part of the Philippines' staggering \$25.4 billion foreign debt. Retrieval is possible with help from some of the country's 483 creditor banks, said Magdiwang [expansion unknown], a group of Filipino senior-level professionals in the American banking industry.

Magdiwang said it may "initiate a class action suit" for stockholders of certain creditor banks in order to freeze previously identified foreign assets for outstanding debts. The prospects for their success are good, said Magdiwang spokesman Antonio Gatmaitan. Some banks have agreed to support the suit in order to be paid by the delinquent debtor country.

To be effective, the suit will allege that the profitability of the creditor banks and the dividend income of its stockholders have been seriously affected by the inability of the Philippines to service its debts since 1983. The suit must also demonstrate that selected foreign assets have been acquired fraudulently or have been financed directly by foreign borrowings.

Magdiwang noted that the World Bank has already identified \$3.1 billion worth of these investments. The group may also have to show that owners of these assets have unpaid debts to Philippine banks or institutions which in turn are debtors of U.S. and European banks.

Gatmaitan said Magdiwang may not be required to prove the allegations initially, but the American courts can order the assets frozen during court proceedings. In a letter to Central Bank Governor Jose B. Fernandez, Magdiwang claimed that proving their allegations would not be difficult, saying that "the evidence is quite overwhelming".

Three weeks ago, President Ferdinand Marcos, his wife Imelda, other top government officials and presidential "cronies" were named by the U.S.-based MERCURY NEWS as investors in multi-million dollar interests in the United

States. The report, first reprinted by MALAYA followed by other independent papers, added teeth to a World Bank report that out of a debt increase of \$13 billion from 1978-1983, \$3.1 billion had been used for real estate investments and corporate acquisitions in the United States by some members of the Filipino power elite. These have been partly blamed for the government's inability to service its debts since October 1983.

As a delinquent debtor country, the Philippines had no choice but to accept an austerity program and sweeping structural adjustments when it negotiated for new credits this year with creditor banks, the International Monetary Fund and the Paris Club. The program, incorporated in Marcos' so-called Economic Recovery Program, calls for devaluation of the peso, new taxes and price adjustments on cigarettes, liquor and gasoline, depressed wages, an end to industrial unrest, and restrictions in the growth of money supply.

The adjustments will have to take place as the Philippine economy reels from its worst crisis in history. Premier Cesar E. A. Virata has admitted to creditor banks that the Philippines had a negative 6 percent growth in GNP in 1984, will have zero growth in 1985, and a minimal 1 percent growth in 1986. Because of these, the public furor triggered by the MERCURY NEWS expose is not expected to subside within the next few weeks, despite the Marcos order of a "spare-no-one" investigation to Justice Minister Estelito Mendoza.

Last week, the ruling KBL party proposed a P92.9 billion budget for 1986, P23.5 billion of which will be used to pay interest on foreign loans. The budget debates could only fuel the public furor well into August 21, when opposition groups plan to recall the assassination of popular Marcos rival Benigno Aquino.

If the drastic belt-tightening measures of Marcos' economic program are felt in the next two months, the planned mammoth rallies to be led by the militant Bagong Alyansang Makabayan (Bayan or New Patriotic Alliance) on September 21, the 12th anniversary of martial law, may also easily catch fire.

CSO: 4200/1330

PHILIPPINES

WORKERS DEMAND ABOLITION OF ECONOMIC RECOVERY COUNCIL

HK061545 Hong Kong AFP in English 1325 GMT 6 Aug 85

[Text] Manila, Aug 6 (AFP)--Hundreds of militant workers today picketed Prime Minister Caesar Virata's office to demand the abolition of a cabinet council they said was a tool designed to bring more poverty to Filipinos, police said.

Police estimated that more than 300 protesters converged at the Labor Ministry building before marching to the premier's office some 500 meters (yards) away.

Waving red banners and streamers, the protesters, led by the Alliance of Nationalist and Genuine Labor Organizations (ANGLO), tried to seek a dialogue with Premier Virata but were turned back by armed guards.

Mr Virata heads the Philippine Council for National Economic Recovery (PCNER), a cabinet council created by President Ferdinand Marcos last month.

Its task is to pinpoint problems hindering the country's economic recovery and to "restore industrial peace and productivity" in the face of the country's mounting economic crisis.

Workers staging today's protest said the council was a tool "to sink the Filipino masses deeper into poverty."

A strongly-worded ANGLO statement said that Mr Marcos equated national economic recovery with "the recovery of foreign and crony interests beleaguered with strikes and other work stoppages.

"Once again, Mr Marcos has made the toiling masses the scapegoat of an economic crisis they did not create," it added.

The Philippine economy registered a negative 5.5 percent growth rate last year as the country reeled from a crisis spawned by the 1983 assassination of Mr Marcos' chief political rival Benigno Aquino.

ANGLO spokeswoman Candila Villa said the creation of PCNER was a move to blame the workers for the economic crisis so the government could enforce a ban on strikes and justify mass layoffs of thousands of workers in recent months.

The BUSINESS DAY newspaper today cited Labor Minister Blas Ople as saying that 37,000 workers lost their jobs in the first six months of this year.

Meanwhile, the Association of Southeast Asian Nations (ASEAN) Trade Union Council today agreed to push for "labor-oriented" policies at the close of a conference here.

The council claims more than four million workers as members in ASEAN's six member countries--the Philippines, Indonesia, Malaysia, Thailand, Singapore, and Brunei.

CSO: 4200/1330

PHILIPPINES

MANILA TO STOP INTERVENING IN DOLLAR TRADING

HK070243 Quezon City ANG PAHAYAGANG MALAYA in English 24 Jul 85 p 7

[Text] The government is washing its hands over the future behavior of the peso vis-a-vis the value of foreign currencies, especially the U.S. dollar. Prime Minister Cesar Virata recently told MALAYA the government, through the Central Bank [CB], is not intervening in dollar trading.

Virata, who is also finance minister and a member of the Monetary Board, the Central Bank's policymaking body, was reacting to speculations that the CB is heavily buying dollars to prop up the peso/dollar rate.

"The Central Bank is a residual buyer. It does not enter the market as a main buyer. The transactions are among banks. Whatever is left is then bought by the CB," Virata said.

Officially, the local currency is on a "free float", meaning, its value is determined solely by market forces. When the demand for dollars is higher than the supply, the value of the peso depreciates as it takes more pesos to buy one dollar. When the demand is low, the reverse holds true--the peso appreciates.

Bankers, however, maintain that the foreign exchange system is characterized by a "dryfloat". The government, they said, is trying to hold the peso's exchange rate at a pre-set level.

The peso-dollar rate had been steady at slightly below P[peso]18.50 to the dollar until two weeks ago when it broke the P18.50 barrier and kept on weakening.

Bankers speculated that the presence here of a team from the International Monetary Fund at the time tied up the hands of monetary authorities. The IMF team was here to monitor the country's compliance with the conditions attached to the grant by the IMF of a \$630 million standby credit facility.

Since the October 1983 declaration by the Philippines of a temporary stop to payments of foreign loans, bankers and businessmen have been saying the peso will weaken to at least P20 to \$1.

CSO: 4200/1330

PHILIPPINES

ECONOMIST ON LOAN AGREEMENTS, INFLATION, PROSPECTS

Quezon City VERITAS in English 28 Jul 85 p 16

[Text]

*A few weeks ago Veritas published an interview of CRC senior vice-president Bernardo Villegas in which the hard-hitting critic of Marcos policies aired some surprisingly optimistic views on current developments in the nation's economy. Here to answer the same questions is former Philippine Economic Society president Mahar Mangahas whose views (unfortunately or otherwise) don't quite jibe with those of the CRC economist.*

Q. "Now that the loan agreements with both the IMF and the 483 creditor banks have been signed, will the economy finally improve?"

A. Don't think of finance as an on-off switch for the economy. The economy was already in deep trouble before foreign credits were cut off. As per the consensus (more than 70%) of 135 Filipino economists, members of the Philippine Economic Society, (a) the troubles are due more to domestic factors than to foreign factors, (b) the domestic factors are more political than economic, and (c) the economic factors are more in the government sector than in the private sector. The question should be, have the sources of these troubles been taken care of? The economy got into trouble partly because of too many loan agreements prior to 1983, which helped to prevent self-correcting mechanisms, such as adjustment of the foreign

exchange rate, from working earlier.

Q. "What sectors of the economy would first feel the benefits of the signing of these loan agreements?"

A. Those that need foreign finance but don't have alternative sources, I suppose. But they aren't a key to turning the economy on again, for the same reasons as above.

Q. "With all those strict requirements, targets and conditions tacked onto the loan agreements, have we not virtually turned over to the IMF the management of our economy?"

A. No; not management of the entire economy. Just management of some money variables - the supply of money, the rate of exchange between domestic money and foreign money, and the rate of exchange between future money and present money (the rate of interest); these are important but they're not as important as the real economy - real productive capacity (including better educated and healthier people), real confidence in social institutions (effective operation of the system of law and justice is also part of what makes the economy run).

There is no need to feel bad about the IMF guidelines on account of *amor proprio*. As far as the operative guidelines go, such as quantified restrictions on the supply of money, they are conservative and good for the economy.

On other areas, such as wage restraint (which is a bad idea) in particular, the IMF does not have strict requirements. Probably the IMF realizes that its element is only the financial sector. Wage restraint, even if touched upon by the IMF, is only a suggestion which isn't part of the conditionality. Wage restraint is a bad idea, but the reason is not because anyone in IMF may think it is a good idea. Neither Filipinos nor foreigners have a monopoly on either good ideas or bad ones.

Q. "Do we still have 'excess liquidity' in the economy or has it been mopped up by the Jobo bills?"

A. I don't have access to quantitative research on the critical level of the money supply. In the meantime, I would accept the IMF guideline as to the critical level. I hope the newspaper reports are accurate that the CB is more or less conforming to the guideline.

Q. "If liquidity has been mopped up and inflation under control, why have interest rates not gone down appreciably?"

A. Inflation isn't under control until it gets below 10%; 25% is nothing to crow about and even 15% is unsatisfactory. Complacency on inflation is a great danger. Interest rate can't fall below what the CB is willing to pay for its borrowings. We won't be able to observe the effects of decreased inflation on interest rates unless the CB stops participating in the market.

Q. "The Philippines has now the highest interest rates in Asia, hovering near 35% currently. If industries are going to start up anew and business is to prosper, how can they do so in the face of tight credit (which is one of the IMF demands)?"

A. What we need are interest rates that are neither artificially high nor artificially low. Over the last generation they have been artificially low, which is why the long-run policy move should be to 'tighten up'. The ideal way to do this is to remove the concessions which have kept the rates too low. In the long run, we need a Central Bank which is neither a net lender to nor a net borrower from the economy; the long run has to start sometime.

A Central Bank has no business being a financier, either for the government or for the private sector; all the CB should do is to manage the nation's money. All borrowers, public or private, want to get hold of real resources; money and the financial sector are only channels for access to the savers, who are the lenders of these real resources. Although CB

has the power to issue money which has no counterpart in real saving, it should not use this power. Businesses which cannot prosper unless the CB is a net lender deserve no special sympathy.

Q. "The centerpiece of the loan agreement with the banks was the infusion of \$925 million in new money and the \$10 billion in trade credits, moves the government sees as the key to economic recovery. But half of the new money will go to pay interest arrears and drawdowns on the trade credits are conditional on our hitting IMF-set targets. How would you explain these terms?"

A. (a) The loan agreement may help, but it is not the "key" to economic recovery. The key is in the real sectors -- and this includes the social institutions which



formerly were taken for granted —, not in the financial sector. (b) Conditionality is part of all banking, including domestic banking; no need to be offended by it per se. (c) On the face of it, the IMF terms don't seem onerous. Whether or not we take a new loan, we *should* keep the money supply down, decrease if not eliminate the government budgetary deficit, decrease if not eliminate tariffs, and allow a free market in foreign exchange. We should go further and allow free international trade in the Philippine peso; it should not be illegal for exporters to accept pesos or for Filipino debtors to repay their foreign loans in pesos (here the best suggestions have come from David Sycip).

Q. "With the restoration of normal trade financing, what are the expectations on the peso-dollar exchange rate?"

A. The peso-dollar rate will be more affected by other events, particularly political events, than by a trade financing arrangement.

Q. "Will the IMF 'seal of good housekeeping' plus the restructuring agreement with the banks encourage foreign investments to flow back into the country?"

A. Not particularly. What we have is more like a seal of a satisfactory repair job; what we need is fundamental reconstruction. Probably foreign investors are also

waiting to see the reconstruction. In any case, foreign investors are not the key to our economic success; rather, our economic success is the key to attracting foreign investment.

Q. "What is your long-term assessment of the Philippine economy?"

A. In the Private Sector Council on Public Issues, there is a Subcommittee on Economic Development which I chair. The PSCPI recently submitted a "white paper" to the Speaker of the Batasan which makes the following points regarding the economy; we should not expect any substantial changes unless progress is made on these points:

a. There are democratic preconditions for economic recovery and eventual economic progress, among which is an effectively functioning Batasan.

b. The economic medicine of strict austerity is obvious, but it will not work unless administered under a democratic process.

c. At present, economic efficiency requires that the size of the public sector should be reduced.

d. Efficiency in the private sector would be improved through the removal of stumbling blocks, originating from the government, to private resources allocation.

e. Economic planning by the government should be limited, committed and participatory.

PHILIPPINES

TANADA BAYAN SPEECH ON FOREIGN DEBT, WEALTH SCANDAL

Quezon City VERITAS in English 28 Jul 85 p 18

["Excerpts" of speech by Bayan chairman Lorenzo M. Tanada, "Basic Problems We Face Today," delivered at the First Congress of BAYAN-Gitnang Luzon, 20 Jul 85, in San Fernando, Pampanga: "FM's Prediction Borders on Fantasy"]

[Text]

Mr. Marcos is indeed extravagant with money that is not his own. He is the most profligate president we ever had. When he first became President in 1965, our total foreign debt amounted to about one-half billion US dollars. Today, that debt, including accumulated interests and charges now amount to about \$30 billion!

A few weeks ago, Mr. Marcos made the boastful claim that he could pay off the entire debt in just ten years. The claim could be laughable if it was not cruel, if the actuality was not that our people are already suffering unprecedented hardship on account of the economic crisis and are going to suffer much more before things start to get better. Only the other day, it was reported that 100,000 workers and employees lost their jobs during 1984, and that the unemployment rate keeps mounting as more and more business firms shut down. Oblivious of all these, Mr. Marcos insists that the debt can be liquidated in ten years. But if he could not pay the original one-half billion we owed in 1965, after two decades in office, how can he expect to pay \$30 billion in ten years?

At the conservatively estimated interest rate of 10% per annum, on \$30 billion, interest payment alone would amount to \$3 billion yearly.

But what about payments on the principal? To begin to liquidate the principal over a period of ten years, we would need another \$3 billion every year or \$30 billion in 10 years.

In other words, to pay off the debt in 10 years, we need at least \$6 billion every year to pay for interests and amortizations. Where do we find this extra \$6 billion yearly when in the last few years, we have operated on substantial *balance of trade deficits*, ranging from \$500 million to about \$1 billion. Mr. Marcos' prediction therefore borders on fantasy and cannot be accepted; especially if we consider that our average export revenue over recent years has been in the neighborhood of \$6 billion only. If we use our export receipts in servicing our debts over the next ten years, where shall we get the dollars to import the essential commodities and raw materials to keep our industries going?

Unless of course we refuse those loans or so much thereof as were granted in bad faith, granted that is to say, despite the knowledge that the loans were not benefiting the country at large and were only lining up the pockets of dishonest, corrupt and greedy public officials, and their cronies and relatives.

For some time now, it has been a fact of international knowledge that Mr. Marcos' government is among the most-corrupt in the world today. This was due to the well-documented revelations made in the newspapers both here and abroad of the enormous investments made by Mr. and Mrs. Marcos and some members of his Cabinet. This is another problem that we must face. It is not as simple as it looks, for it involves not only moral and legal issues but economic and political as well. Although what we know of those enormous hidden investments is only a tip of the iceberg, still there is now reason to stage huge rallies and demonstrations to demand the resignation of Mr. Marcos and his men, but the question is--what shall we do if Mr. Marcos and his men do not resign? This is a grave question that I am not prepared to discuss with you today. But I can say that we must be ready to adopt stern measures, more stern than what we have so far adopted to pressure the resignation of Marcos and his men.

So, let us go back to the question of loans. It should now be obvious to the world that loans to the Philippines were flagrantly misused by our supposed leaders and diverted for their personal gain. Any additional credits extended despite the recent expose of fantastic investments by the Marcos people in the United States and elsewhere can therefore only be tainted now with bad faith.

Creditors should know, for they cannot help but know, that they are not only serving to bail out a corrupt government but also possibly further lining up the pockets of corrupt and greedy officials, their relatives and cronies. Under such circumstances, the creditors cannot expect the suffering people of the Philippines to pay or account for those loans.

Credits released under the new arrangements with the IMF and the World Bank covered by the Letter of Intent which was kept secret from the Filipino people until only very recently with the knowledge and consent of the IMF, obviously fall under the category of credits extended in bad faith and therefore not morally the obligation of the Filipino people.

Those are some of the problems our country is challenged with at present. They are enormous problems, but they have to be faced. And there are other problems, even greater and more basic -- like the problem of the system itself which has not worked for the mass of the people.

BAYAN particularly does not mean to shirk from them although no doubt it would be expedient and politic not to do so. We will not be cowed into tempering our language or the pace of our action merely to please or appease chronic procrastinators, the same men and women who when martial law was proclaimed, either applauded it or silently acquiesced because it was the "expedient" way out of the "crisis" of the 1969-1970 movement. Too long have we repeatedly postponed action on these pressing problems which, because we did not face up to them on time, have grown larger and seemingly more insuperable with the years. Now, there is no more time and the mass of people who suffered in consequences are near patience end.

They have waited year after year, election after election, generation after generation, for their leaders to act on those problems but the solution never came. Now, BAYAN's detractors want us to hold back again, to temporize, to be content with palliatives, while millions of our countrymen are born, live all their lives and die below the level of decent human beings. This is not right. BAYAN does not wish to be part of the conspiracy of cowardice or indifference which has made it possible. BAYAN is resolved to meet the challenge head-on, fight for the people it represents and identifies itself with. And it is prepared for the consequences.

CSO: 4200/1373

## REAL INCOME GROWTH 1.1 PERCENT OVER 13 YEARS

Quezon City ANG PAHAYAGANG MALAYA in English 1 Jul 85 p 7

[Text]

Real personal per capita income of Filipinos during a 13-year period (1972-1984) grew only by a measly 1.1 per cent on the annual average, according to a labor ministry study.

Such an annual increase helps shed light on the kind of economic progress made by the country during those years, on the kind of living conditions of majority of Filipinos today and on what to expect in these times of worsening economic crisis, the study indicated.

Computations on real personal per capita income used by the study were those furnished by the National Economic and Development Authority (NEDA) and its National Census and Statistics Office (NCSO) arm.

The income was arrived at by NEDA-NCSO using 1978 (equals 100) as the base year for computing increases in prices of basic consumer goods and services as reflected by the consumer price indexes during that 13-year period.

Real personal per capita income in the country started decreasing in 1981 when it dropped by 0.8 per cent followed by another 1.8 per cent decline in 1982, the labor ministry study noted.

It said the income recovered somewhat in 1983 with a marginal 0.5 per cent rise but nosedived by a whopping 5.3 per cent in 1984 when the national economic crisis deepened.

mic crisis deepened.

Turning to family or household income in the country whose equitable distribution is one of the top stated goals of the government's socio-economic development program, the study observed that such distribution worsened during the 1971-1981 decade.

It said NEDA-NCSO records show that in 1971, the poorest 60 per cent of total households received only 25 per cent of the total national income. This demonstrates the extent of poverty already prevailing then in the nation.

By 1979, the study said the share declined to 22.5 per cent and shrunk further to 21.4 per cent in 1981.

In contrast, the richest 10 per cent of the households cornered 37.1 per cent of total income in 1971, fattened its share to 41.7 per cent in 1979 and hogged 42 per cent in 1981, the study reported.

Family or household income distribution statistics for 1982 to 1984 are not yet available, the study said.

The study added that the real wage in the country followed the pattern of real personal income during the 1972-1984 period, the computations also using 1978 (100) as base year as corrected by cost increases shown by the corresponding consumer price indexes.

It said that wages of non-agricultural workers increased only 1.5 per cent on the annual average during that period, lower than the 4.1 per cent enjoyed by agricultural workers of the plantation category.

In value terms, the study recorded that real wage of non-agricultural workers stood at P10.30 daily in 1972, dropped to P8.81 (a 14.5 per cent decrease) in 1973, recovered by 5.7 per cent to P9.21 in 1974, but declined by 0.6 per cent in 1975 to P9.25.

Such a situation started turning positive in 1976 when the real wage increased by 16.3 per cent, another 2.5 per cent in 1977, also 2 per cent in 1979 and 10.8 per cent in 1980.

Things started falling apart again for the real wage in 1981 when its value declined by 7.2 per cent followed by another 9.2 per cent drop in 1982. However, the wage recovered with a 20 per cent increase in 1983, the study said.

Last year was the darkest yet for the real wage whose value is estimated to have dropped by over 20 per cent although complete figures are not yet available, the study said.

In this case of the plantation workers, the study said value of their real wage enjoyed increases except in 1973, 1975, 1981, 1982 and 1984 when declines were suffered.

Providing insights into state of real personal per capita income and real wage in the country are the serious economic and political incidents that marred 1983 and 1984, the study said.

Those two years saw the national economy suffering "considerable decline." The study explained that the "continued appreciation of the US dollar vis-a-vis the Philippine peso, coupled with a host of other economic and political incidents triggered further escalation in prices of consumer goods and services and the consequent deterioration in the purchasing power of the peso."

Decision of the government to devalue the peso was singled out by the study as the leading cause for the serious emasculation of the peso's purchasing power.

It said the peso was devalued by the government four times in just a 17-month period--in June 1983, when exchange rate to the American dollar was raised to P11 for \$1 from the previous P10.20; in October to P14; in June 1984 to P18; and then P19 to \$1 at end of the year.

CSO: 4200/1373

PHILIPPINES

OFFICIALS FEAR LOSS OF TARIFF PROTECTION FOR LOCAL FIRMS

Quezon City ANG PAHAYAGANG MALAYA in English 2 Jul 85 p 7

[Article by Ma. Rosa Ocampo]

[Text] The implementation of the World Bank-dictated trade liberalization policies will further stunt the growth of local industries, many of them are in the early stage of development.

This was hinted at by Board of Investments officials who admitted trade liberalization is "untimely" at this period when local industries, hounded as they are by poor sales and high costs, are easily prone to import competition and the dumping of cheaper and oftentimes low-quality products.

However, the BOI officials said the Philippines is left with no choice but to yield to pressures in exchange for World Bank financing assistance, including the structural adjustment loan (SAL) program given to energy, trade, and agriculture.

Import restrictions will be lifted toward the end of the year on many consumer and raw material items ranging from 202 non-essential consumer and unclassified consumer items to new tires and asbestos. Ad valorem and specific duty taxes on imports will also be reduced.

Sources said tire, paper and garments manufacturers are preparing position papers on the damage trade liberalization will bring upon them.

Dumping — the sale of freezin-made products at prices lower than production cost — has become a worldwide practice, killing many industries among Third World countries. The Philippines may become its latest victim once import protection are lifted.

These manufacturers said it is ironic that a heavily indebted developing country like the Philippines is forced to relax its import rules when many developed countries, including the United States, have surrounded their industries with protectionist measures and devices that are against the law of international trade.

Moreover, they said, the influx of imports, even the non-essential items, could widen the trade deficit which reached \$679 million last year, thus adding more strain to the country's weakened foreign exchange position.

Imports are increasing since the beginning of the year while exports are on the downtrend, prompting the government to

revise its rosy export projection to a negative ten per cent growth.

Under pressure from the World Bank and its sister institution, International Monetary Fund, the government last year started lifting import restrictions on solid caustic soda, non-agricultural plant, machinery, equipment and spare parts of integrated data processing equipment and cellophane.

It is also set to ease the importation of the regulated and restricted product categories (asbestos vinyl tiles, dairy products, bottles, containers, stoppers of common glass) and 44 non-essential and unclassified consumer items once the \$925 million new money and the \$3 billion trade financing facilities are operational.

CSO: 4200/1373



PHILIPPINES

COCONUT AUTHORITY REJECTS WORLD BANK LOAN

Quezon City ANG PAHAYAGANG MALAYA in English 4 Jul 85 p 7

[Article by Benjie Guevarra]

[Text]

The Philippine Coconut Authority is opposing the World Bank's plan to extend a \$100 million to the beleaguered coconut industry even though it lacks funds to rehabilitate some 1.2 million hectares of unproductive coconut lands.

The PCA is rejecting any financial aid from the World Bank, which had even doubled its original offer of \$50 million, according to PCA Chairman Rolando de la Cuesta.

Soliporn Kulsrethsiri, the bank's financial analyst on agricultural loans in Asia and the Pacific region, told *Malaya* earlier that the bank is mulling over the release of loans for the massive replanting of high-yielding varieties (HYVs) of coconut.

HYVs like "mawa" have a potential yield of at least 100 nuts per tree a year, about three times more than the 30 to 40 nuts average of traditional varieties. They also start bearing fruits within three to five years as against the traditional varieties' minimum of 10 years.

"The World Bank offer is good, especially now that commercial interest rates are declining," he said, "but I still can't find a justification for using dollars for a purely peso component."

Why should we take any foreign exchange risk when we are dealing with domestic inputs, De la Cuesta said.

PCA's position contrasts with that of almost all government agencies hoping to get a slice of the \$300 million structural adjustment loan dangled by the international lending institution.

Industry observers say, however, that the PCA is wary of the conditions the World Bank usually attaches to its loans.

The World Bank, it will be recalled, last year called for the dismantling of all agricultural monopolies — coconut and sugar among them — and the return of production and marketing to the private sector.

The PCA chief claimed that his office's budget of P118 million for HYV replanting is enough to cover its 8,000-hectare target this year.

"Hopefully, we may cover some 30,000 hectares yearly starting in 1986," said the chairman who expects to have additional funding following the government's move to retain the 9 per cent tax on all coconut exports.

The recently-issued Presidential Decree No. 1970 made permanent the coconut export tax which was supposed to be lifted by the end of 1985. The presidential directive, however, exempts from the tax all coconut exporters who undertake their own replanting projects.

The potential export tax proceeds this year will range between P750 million to P850 million, of which 50 to 60 per cent will most likely be exempted because of the replanting privilege, he said.

This will leave us with P350 million to P400 million, he noted, which, if allocated for replanting, can cover some 36,000 has. (at an average cost of P11,000 per hectare).

But the PCA, even if allowed by the government to use all of the tax proceeds for its replanting program, cannot cover the country's three million has. of coconut lands planted to "senile", unproductive trees.

De la Cuesta conceded that the serious lack of funds has enabled the agency to replant HYVs in only 55,000 has. since the program was started in 1982.

At the optimistic rate of about 30,000 has. a year, the PCA will take 30 to 40 years to cover some 1.2 million has. of unproductive coconut lands.

CSO: 4200/1373

PHILIPPINES

## ROMUALDEZ SON PLANS REHABILITATION OF LEYTE SUGAR INDUSTRY

Tacloban City LEYTE FORUM in English 12-18 Jul 85 pp 1, 2

[Text]

**A MASSIVE rehabilitation program intended to save the distressed sugar industry in Leyte and protect the plight of over 200,000 workers and their families has been finalized and will be implemented within the next few days.**

**The program was initiated by Philip Romualdez, chairman of the Leyte Economic Development Council, and its main target is the revitalization of the sugar industry centered in Ormoc City, the second biggest urban area in the province.**

"The problem is really serious and we have to move fast to save the sugar industry and the thousands who depend on it for a living," said Philip Romualdez, son of Leyte Governor Benjamin Romualdez.

The chairman of the province's business development council has thus moved on all fronts to prevent the possible shutdown of an industry on which the hopes of 200,000 Leytenos are pinned.

Working feverishly in the last few days, he has talked to those groups of people most affected by the Or-

moc sugar industry's slump -- sugar farm laborers, their barangay captains, sugar planters, millers, representatives of concerned government agencies -- in a bid to go to the bottom of the problem and work out a plan to help those that could be hard hit, should the industry's problem worsen.

The Ormoc sugarlands and mills have been caught in the slump that has affected the entire sugar industry of the country. The city's two sugar mills -- Hilongos Development Co. and

Osso-Ormoc Sugar Central--are the core of an industry in which 40,000 workers supporting 160,000 family members secure their livelihood.

The two sugar mills used to produce 1.6 million piculs of sugar each year from cane planted on 27,000 hectares. In fact, production peaked at over two million piculs during the boom crop year of 1975-76.

However, a world-wide slump in the sugar industry plunged sugar prices to 2.6 US cents a pound which in the face of a domestic production cost of 14 cents a pound has sent the Ormoc sugarlands and mills into a tailspin. Production for the current crop year (1984-85) is not expected to exceed 750,000 piculs as once-rich sugarlands were abandoned, reducing planted hectarage to about 12,000 hectares.

Based on the meetings, Romualdez has drawn up a comprehensive program intended to make the Ormoc sugar industry viable. His plan centers on integrated solutions covering short, medium and long term aspects of the industry.

To be launched within the next few days is an emergency program aimed primarily at helping sugar farm workers who face the prospect of losing their jobs at the end of the milling season.

CSO: 4200/1372

PHILIPPINES

WHEAT DEREGULATION, PRIVATE 'DISINCENTIVES' ANALYZED

Quezon City VERITAS in English 14 Jul 85 pp 19, 20

[Article by Chit L. Macapagal: "The Rules of Deregulation"]

[Text]

**G**IVING up a monopoly is never a voluntary act; not when the monopoly has been a profitable exercise on the part of the government. For over a decade, it has enjoyed absolute control in the buying and marketing of staple grains like rice, corn and wheat.

But overwhelming pressure has forced it to relinquish its absolute control on the grains market. When the pressure is said to come from the World Bank-IMF, push has definitely come to shove.

Thus, Executive Order No. 1028 was signed May 31. Its first part, the lifting of price control on rice effective Oct. 1, was announced first week of June. The deregulation of the wheat industry followed July 1 with the National Food Authority (NFA) giving back to the private sector the functions of importation and distribution effective June 23.

Still, while it has always batted for deregulation, the private sector nevertheless views the recent government moves with reservation.

Take, for instance, the case of the wheat industry.

Says Jose S. Concepcion, Jr., acting president of the Philippine Association of Flour Millers, Inc. (PAFMIL): "The future of the flour milling industry is dependent on the total commitment and determination of government towards allowing it to operate under a free enterprise system. What is at stake here is government credibility -- whether it is truly going to release to the private sector the importation of their raw materials and the distribution of their finished products without reservations. If this can be done, it can stand out as a shining example, over and above the coconut and sugar industries reforms which have

been perceived by people as inadequate."

Such a "total commitment... by government... to free enterprise," however, is not yet apparent. Wheat importation, for example, might be open to any qualified buyer in policy; but in practice, lack of government incentives is enough to discourage any private importer.

One flour miller *Veritas* interviewed said it is not wise for him, nor for any of his colleagues to directly import wheat. The total charges he has to pay on the outset totals to 25 per cent of his purchase price; 10 per cent in customs duties; 5 per cent ad valorem tax; 10 per cent advanced sales tax.

The NFA as importer of wheat pays charges equivalent to only 15 per cent; 10 percent customs duties; 5 per cent advanced sales tax; and no ad valorem tax.

Naturally, any prospective wheat importer would opt to import -- through NFA. Even after a 5 per cent service charge is imposed by the agency, costs in charges will still be less.

In its implementing guidelines for the deregulation of the wheat industry, NFA proposed three schemes to the local millers: one, for NFA to import wheat and sell to millers at prices determined by the agency, ex-vessel, two, for millers to import through NFA with the latter advancing all costs up to the port of destination; and three, with the private sector to import directly without assistance from the NFA.

According to Leo Parungao, PAFMIL executive secretary, millers will probably adopt the second scheme. "There are simply not enough dollars in the market for the private sector to import directly," he said.

Underscoring this dollar deficiency, Parungao said "no bank nor all the flour millers combined" can even raise the money to buy some P2 billion worth of wheat left on this year's import quota."

WHEN the NFA took over flour distribution in 1983, it stopped issuing licenses to flour dealers, middlemen of the industry. In 1984, this particular sector virtually stopped its operations.

The deregulation policy has revived the dealers' businesses. The NFA is now issuing the renewal of their licenses. But at the same time, an industry source said, the dealers are being asked to pay their license fees for 1984, the year they were not allowed to operate.

"It sounds ridiculous," the source said, "but some dealers are already paying the fee quietly just so they can go back to work."

The dismantling of a monopoly is not a simple exercise after all.

A flour miller points to the price ceiling imposed on flour, despite the supposed return to free enterprise. "Even rice does not have a price control anymore, why pick on flour?" he quips.

But the price ceiling, according to Parungao was agreed upon by both NFA and PAFMIL not as a clear cut rule but more like a "gentlemen's agreement." Such a ceiling will prevent overpricing.

The Federation of Bakers Association, through vice-chairman Leonardo Figueroa also worrises about flour prices going up. While they have "no objection" to the private sector getting hold of flour distribution, they would nevertheless like "to put some safeguards" in the NFA guidelines to protect bakers from price increases.

Other PAFMIL sources agree: "Everybody must be disciplined. We do not want to be taken over by government again."

To the industry, memories of the monopoly still cause anguish.

In 1974, the National Grain Authority (NGA) took over wheat importation from local millers. The justification given was to protect the industry from sudden increases in the world market prices of wheat.

The year the NGA took over, the price of wheat in the world market went down. NGA ended up earning P7 million.

On December 6, 1983, the same agency (name changed to NFA) again took over another function of the private sector: that of flour distribution from producer to retailer or miller to baker.

Howls of protest were heard everywhere. But the noble pretext of stabilizing prices and assuring supply was again the official line given to justify the necessity of government intervention in private business.

PAFMIL, however, contends that the NFA has failed miserably in its function as distribution.

The amount of wheat milled was reduced from 847,000 long tons to 750,000 LTs. Flour sales dropped by 21.42 per cent. Flour production in the peak months of November and December likewise dropped from 2.4 million bags of 25 kilos each to 1.7 million.

Prior to the takeover, the margin between producers' and retailers' price was at P8.35 per bag. Bakers enjoyed 30-60 days credit with flour delivered to their doors.

In 1984, the margin rose to P12 per bag, private dealers were eliminated and bakers were forced to pay in cash for flour they had to pick up themselves.

The wheat vessels which used to come on the average of 2.5 per month came more infrequently. From January to March this year, for instance, only three wheat vessels have arrived.

And in the peak months of production last year, millers recall that there was no flour production at all. NFA was unable to move the flour produced by the mills.

SUCH a performance is viewed differently by NFA. Official statements point to the fact that the takeover of flour distribution was able to erase hoarding, blackmarketing and was able to lower the price of flour per 25-kilo bag from the overpriced P230 to P130.

Besides, official sources say, NFA was able to give a series of price reductions on flour prices which could not have been possible, they maintain, if distribution was left to the private sector.

NFA's long-standing interest in wheat is understandable. It is common knowledge that the profits from wheat subsidize NFA's losses in rice and corn. As one NFA official puts it: "Wheat is our bread and butter."

For some 82.2 per cent of Filipino households, the *pan de sal* is just a simple breakfast staple. But for one government monopoly, eight flour mills, and around 15,000 bakeries all over the country — bread means big business.

Ever since 1568 when the Chinese taught Filipinos how to bake bread from wheat brought in from China, the industry has grown to consume 800,000 metric tons of flour or 16 million of the standard 25-kilo bags annually.

But the grain is not grown locally; wheat had always been an imported necessity. Today, the average annual requirement for wheat is around 850,000 long tons or 858,500 metric tons; the entire

supply of the country is cornered by one wheat-producing country, the United States.

When the peso was still worth 14 to a dollar, this import requirement was already valued at more than \$250 million annually. With the current exchange rate, the wheat business is easily worth more.

The distribution of flour alone remains a highly profitable enterprise. For 1984, these profits were estimated at P20 million monthly or close to half a billion for the entire year.

With so much at stake, no wonder the government is reluctant to give up its stranglehold on the wheat industry.

CSO: 4200/1372

PHILIPPINES

PRC NEGOTIATING FOR FAILING MANUFACTURING PLANT

HK070227 Quezon City ANG PAHAYAGANG MALAYA in English 26 Jul 85 p 7

[Text] The controversial cellophane manufacturing project in Abra, the last visible remnant of crony-businessman Herminio Disini's ruined business empire, is about to crumble, its scrap already being negotiated for sale to the People's Republic of China.

The National Development Company [NDC] still hopes to put the project on stream by 1987 after failing to meet its original start-up date last January.

But sources said the project is bugged by problems that pose serious questions over its long-term viability.

The government, as a result, is offering the plant to China, which earlier bought Ford Motor's stamping plant in Marivels, Bataan.

China is shopping here for mothballed cement plants and sugar mills.

The company, originally called Philippine Cellophane Film Corp, was taken over by the NDC in 1981 when the Disini empire crashed on a mountain of unpaid IOUs said to be worth over P[peso]1 billion.

The NDC renamed the company National Rayon Corp and sank in an additional P1 billion.

Despite the cash infusion, the plant in Naguilian, La Union, stays non-operational. The company's pine stands in Abra could not be logged due to the resistance of the Tinguians living in the area.

NDC is converting the plant into the manufacture of rayon fiber, a raw material for production of fabric. The equipment in place needs only a little fixing to shift from cellophane to rayon manufacturing.

The plant's production capacity of 30,000 metric tons a year, however, is too small to compete with the big mills of Taiwan and Korea. Foreign mills have three times the company's capacity and so enjoy lower production costs.



The plant also has problems over the supply of pulp from pine wood. Studies show the pine stands in Luzon cannot provide the volume of wood pulp needed for the plant's whole lifetime.

With forest denudation on the rise, the problem of supply is further compounded.

While rayon could also be made from abaca waste, additional cost is incurred if this fiber is used. The high concentration of gum in abaca waste has to be eliminated.

The NDC can use imported pulp from Canada, but then the cost will be so prohibitive that there is not much sense anymore in locally producing rayon fibers when it can be imported for less.

CSO: 4200/1330

PHILIPPINES

LABOR MINISTER NOTES FEWER WORKERS LAID OFF

HK061509 Manila BUSINESS DAY in English 6 Aug 85 p 2

[Text] About 37,000 workers were laid off either temporarily or permanently in the first half of the year, Labor Minister Blas F. Ople disclosed during yesterday's hearing of the Batasang Pambansa appropriations committee.

Ople noted that the layoff count, though still substantial, represented a 28-percent decline from the number of job losses reported to the Ministry of Labor and Employment (MOLE) for the same period last year. Responding to questions from opposition MPs, the labor minister also said the employment situation would improve slightly for the rest of the year as the economic recovery measures taken by the government take hold.

Preliminary data from MOLE's Labor Statistics Service (LSS) show that the job losses during the past semester took place in 817 establishments. Some 80 of these shut down permanently, while another 737 resorted to retrenchments or temporary layoffs. About 70 percent of these establishments are located in Metro Manila (559).

The number of establishments reporting job losses is down by about 40 percent compared to the same period last year.

The latest data from LSS thus indicates that the rate of job losses continues to decline after what Ople called the "hemorrhaging" of jobs, particularly in the manufacturing sector, immediately after the outbreak of the country's debt crisis in late 1983. That trend started in the second half of last year.

One negative sign though is the finding that permanently laidoff workers (14,500) outnumber workers temporarily idled (13,750). Last year, there were more temporarily laid off workers (about 20,000 against 15,000).

CSO: 4200/1330

PHILIPPINES

BRIEFS

CPP PLANS TO FIELD CANDIDATES--The Commission on Elections [Commelec] has confirmed fears earlier expressed by some government quarters that the Communist Party of the Philippines and its military arm, the New People's Army, will field candidates in Bicol in the local election scheduled next year. Julio Desamito, Comelec regional director for Bicol, said he learned about the communist plan in his talk with provincial election supervisors. He did not say, however, how the supervisors arrived at that conclusion. Desamito revealed the alleged plan at the opening of a 2-day conference of regional directors aimed at assessing problems that may crop up in election. Comelec Chairman Victorino Savellano earlier ordered the regional directors to meet and discuss possible problems in the coming poll. He also asked for a list of known political parties in the area and the persons who are expected to run in the election. [Text] [Manila TIMES JOURNAL in English 26 Jul 85 pp 1, 5 HK]

BILATERAL TRADE TO BE DISCUSSED--Manila, July 28 (AFP)--Philippine and Yugoslavian trade officials are to begin talks here next month on bilateral trade relations, the PHILIPPINE NEWS AGENCY (PNA) today reported. The state-run agency said a Yugoslavian trade mission had informed Deputy Trade Minister Ronulo Lumauig they would arrive in Manila early August to offer to set up a factory producing home appliances and industrial equipment for export. PNA quoted Mr Lumauig as saying that Belgrade's offer was "very attractive" since it carried a financial package, including raw materials on credit. Mr Lumauig said the Philippines' Board of Investments might offer Belgrade a full range of investment incentives when the two sides begin talks on "wide-ranging issues" in bilateral trade, PNA said. Such incentives include tax deductions, capital gains tax exemptions, tax and duty exemptions on imported capital equipment and spare parts, and tax credits for specified periods, PNA added. [Text] [Hong Kong AFP in English 0226 GMT 28 Jul 85 HK]

LOCAL CONTROL RETURNED TO POLICE--Deputy Defense Minister Teodulo Natividad has defended the move to return police control and supervision to local officials. Natividad, who is also National Police Commission chairman, hosted a PC [Philippine Constabulary] village forum at the Philippine Village Hotel. Thelma Dumpit was there, and she filed this report: [Begin recording] Natividad said the transfer of police supervision to local officials will make the police force more sensitive to the needs of the people. He said local officials are close to the people and should be able to identify problem areas more quickly and coordinate with the police force more effectively. The return of police

supervision to local officials empowers them to suspend policemen up to 30 days [words indistinct] any abuse. They may also recommend appointments or promotions. This situation has made the opposition apprehensive, saying that concentration of powers may lead to abuse on the part of the local officials and the policemen themselves. But Natividad was quick to defend the policy, and said it is precisely aimed to pinpoint responsibility. Natividad added that the real problem is training and logistical support, because the present number of policemen is far from the ideal rate of 1 policeman for every 500 of the population. [End recording] [Text] [Quezon City Maharlika Broadcasting System in English 0400 GMT 3 Aug 85 HK]

VER TO HEAD POLICE OFFICE--Philippine Armed Forces General Fabian Ver may head a new office being planned to supervise local police forces, if he is acquitted in the Aquino murder trial. A Manila newspaper quoted military sources and officials as saying that the proposal would be a compromise between his supporters and the United States. President Marcos had said the general would get his old job back if he is cleared by the court, but Washington is reported to be unhappy about it. It favors the retention of the current acting military chief Lieutenant General Fidel Ramos. The newspaper says the new office, if created, will be charged with tracking down criminals following Defense Ministry, allowing the Defense Ministry to deal with the larger problem of the communist insurgency [sentence as heard]. [Text] [Hong Kong Commercial Radio in English 0430 GMT 3 Aug 85 HK]

MAYORS VIEW BASES ISSUE--Local executives where the U.S. military bases are located gave their views on the issue of the bases renegotiation. Angeles City Mayor Francisco Nepomuceno cautioned against hasty and emotional reactions, but Olongapo City Mayor Richard Gordon is for reminding the Americans that the agreement has to be honored and commitments must be adhered to. [Begin Gordon recording] I think it's about time that we abrogate the treaty if America cannot live up to its part of the agreement. Abrogation that can lead to a renewal of the bases treaty and would mean a negotiation of the treaty [words indistinct]. You go ahead and abrogate the treaty, which is no longer workable, and then you renegotiate the treaty. I think that when we renegotiate we should go for [words indistinct] the rental aspect of the bases treaty. [Words indistinct] using the base for [words indistinct] during the last 5 or 7 years, they found that [words indistinct]. [Words indistinct] [end recording]. [Text] [Quezon City Maharlika Broadcasting System in English 0400 GMT 23 Jul 85 HK]

ENRILE STRESSES NATIONAL SELF-RELIANCE--Defense Minister Huan Ponce Enrile has sounded a call for greater self-reliance by the people. He said that the military and defense establishment have embarked on their own program to achieve self-reliance. In a speech to the Inter-Island Shipping Association, Enrile said the country's alliances and agreements must not be based on dependency. [Text] [Quezon City Maharlika Broadcasting System in English 0800 GMT 28 Jul 85 HK]

CITIZENSHIP CLAIM--The Batasan will make further studies on the resolution of Camarines Norte M.P. Roy Padilla. Assemblyman Padilla wants to determine the validity of claims that Filipinos born between December 10, 1898 and July 4, 1946 can be considered as nationals of the United States. December 10, 1898 was the date when Spain ceded the Philippines to the United States. Padilla said if the claims are meritorious, the Batasan should make representation to

the United States. Padilla said if the claims are meritorious, the Batasan should make representation to the U.S. Government to recognize those U.S. nationals born between December 10, 1898 and July 4, 1946. [Text] [Quezon City Maharlika Broadcasting System in English 0400 GMT 1 Aug 85 HK]

OPLE URGES NATIONAL COALITION--Labor Minister Blas Ople has urged all sectors in the country to unite and form a national coalition for democracy, to counter and check communism. Ople said the new group should start battling the enemies of democracy by exposing graft and corruption in the government. He said another mission the coalition can pursue is to denounce the inequity in the foreign loan arrangements which led to the layoff of 100,000 workers in 1984 alone. [Text] [Quezon City Maharlika Broadcasting System in English 0700 GMT 4 Aug 85 HK]

DEBT RESTRUCTURING TALKS--A Philippine negotiating panel is leaving soon for Japan to restructure the country's official debt under the Paris Club framework amounting to about \$400 million. The panel is expected to resolve the remaining hitch to its official debt which centers on a Filipino company's Peso payments with the central bank. Prime Minister Cesar Virata said a central bank regulation will be issued shortly to resolve the issue which has snagged the negotiations between the two countries. About half of the country's \$987.9 million official debt with 15 creditor countries have already been restructured. The row over the country's official debts to Japan stemmed over a Filipino firm's non-payment of its commercial loans. The Japanese Government said it wanted talks on the payments of these loans to be settled first before negotiations on Paris Club restructuring could proceed. [Text] [Quezon City Maharlika Broadcasting System in English 0400 GMT 5 Aug 85 HK]

CREDITORS ASSURE SUPPORT--President Marcos has said Philippine creditors have assured further support for the country's economic recovery program. The president made this announcement after receiving a report on the results of the World Bank consultative meeting in Tokyo. Prime Minister Cesar Virata headed the mission that attended the meeting. Virata reported that the creditors committed specific targets for this year's official development assistance to the Philippines. [Text] [Manila Far East Broadcasting Company in English 2300 GMT 26 Jul 85 HK]

AID FOR SUGAR PLANTERS--Studies to provide crop loans for sugar planters all over the country are now underway. This was announced by the president yesterday [2 August] during a meeting with sugar industry leaders, Trade and Industry Minister Roberto Ongpin, and Central Bank Governor Jose Fernandez at Malacanang. The government is planning to grant crop loans to sugar planters in order to support a program which will gradually raise production annually. Earlier, the president ordered to maintain and 1.5 million metric tons production this year, to have enough supply for the domestic market. [Text] [Manila Far East Broadcasting Company in English 2300 GMT 2 Aug 85 HK]

VIRATA ON NEW MONEY FACILITIES--The arrival of new money facilities starting next week is expected to have favorable [word indistinct] on the local labor situation. Four hundred million dollars in new money facilities will be available to the country starting August 13. The \$3 billion trade facility will be open on August 15. In a speech to the Trade Union Congress of the Philippines [TUCP], Prime Minister Cesar Virata voiced hope about the positive effects of the new money in the trade facilities. [begin Virata recording] As far as labor problems are concerned, I think the availability of foreign exchange and the lowering of interest will enable them to step up their activities so that all the unrest, as a result of layoffs, could be turned around into rehiring and higher levels of facilities, so we hope that this will come about soon so that we can relieve layoffs as a cause of unrest. [end recording] [Text] [Quezon City Maharlika Broadcasting System in English 0400 GMT 6 Aug 85]

TEN MNLF REBELS KILLED--Ten suspected MNLF members were killed in a clash with army soldiers in Barangay Bagong Tulunan, North Catabato. The fatalities were believed to be part of a 60-member MNLF group which was intercepted by the troopers during routine patrol. Recovered from the slain rebels were 11 high-powered guns. The troops were sent after the other members of the armed group. [Text] [Quezon City Maharlika Broadcasting System in English 0400 GMT 6 Aug 85]

ILOCOS NPA WEAKENING SEEN--The intensified anti-insurgency campaign in northern Luzon is yielding positive results. The operations by the Ilocos Regional Unified Command [RUC] 1 resulted in the surrender of an intelligence officer, a vice team leader and a hard core [as heard] of the NPA. RUC 1 Commander Tomas Dumpit said the NPA in the region is slowly weakening. [begin Dumpit rrecording] In our overall assessment, I think the machinery of the NPA here in Region 1 is slowly being neutralized, brought about or attributed to our continuous and sustained operations and of course with the help of the civil officials in the respective provinces. [end recording] [Text] [Quezon City Maharlika Broadcasting System in English 0400 GMT 6 Aug 85]

USSR OFFICIAL SEES MARCOS--The projected November summit meeting in Geneva of U.S. President Reagan and Soviet leader Mikhail Gorbachev could ultimately bring about global peace and lasting understanding among nations. President Marcos expressed his optimism in a meeting with Ambassador Nikolai Smoniev, director of the Second Far Eastern (?Organ) of the Union of Soviet Republic of [word indistinct] [as heard--FBIS]. Ambassador Smoniev called on the chief executive before his scheduled return back home tomorrow. [Text] [Quezon City Maharlika Broadcasting System in English 1100 GMT 6 Aug 85]

CONSTABULARY, POLICE COMMAND CONFERENCE--Acting AFP [Armed Forces of the Philipines] Chief Fidel Ramos is presiding today over a command conference of the Constabulary officers and police officials. Today's conference in Camp Crame will assess the overall peace-and-order situation in the country. PC [Philippine Constabulary] Intelligence Chief Jesus Altuna will give an update on threats to national security. PC Operations Chief Alexander Aguirre will brief the police and PC officers on the operational strategy against the communists. Also to be taken up is Presidential Executive Order 1040 which transfers the National Police Commission from the Defense Ministry to the Office of the President. All the PC national commanders are attending today's command conference. [Text] [Quezon City Maharlika Broadcasting System in English 0400 GMT 7 Aug 85]

CSO: 4200/1331

THAILAND

U.S. CONGRESS' VOTE ON REFUGEE AID CRITICIZED

BK030142 Bangkok THE NATION in English 3 Aug 85 p 4

[Editorial: U.S. Congress Downgrades a 'Human Rights' Problem]

[Text] It is with deep sadness in our heart, rather than any anger, that we react to the news the U.S. Congress has decided to cut funds for refugee assistance in Thailand by 10 per cent. We do understand that the House of Representatives, which is in charge of the purse strings, has to be tight-fisted and carefully work out the various appropriations it makes--both domestic and foreign. But the question of assistance to refugees is altogether a different matter.

We are dealing with thousands and thousands of human lives. We are dealing with people who have fled their country in fear and have nowhere to go and who have no rights whatsoever except the one to receive charity. That fact alone deprives them of the vestiges of human dignity. But when even charity is cut because of some sort of budgetary necessity, what is counted is dollars and not human lives.

Frankly speaking Thailand is too poor a country to be able to afford the luxury of harbouring these refugees. We know there has been a lot of aid from several sources and we are thankful to it. But apart from our own economic burden the refugees also contribute to a politically destabilizing factor. There is a hue and cry all over the world because of the white South African Government treating the majority black population as second-class citizens. What class of 'citizenship' do refugees have? None?

There is however a faint silver lining. U.S. Secretary of State George Shultz, when he was here, visited the refugee camps and, partly because of that, the State Department understands the situation much better than the U.S. Congress. U.S. Assistant Secretary of State Paul Welfowitz has come out strongly against the cut and has bluntly said that the move will be sending wrong signals to both Thailand and to Vietnam. The signal to Thailand is to become less humanitarian since this country has established a tradition of not pushing refugees back to their own countries to face the music. The signal to Vietnam is that the pushing out of Kampuchea more and more refugees will further destabilize Thailand.



Further, this move by the U.S. Congress also makes a mockery of its own decision to give \$5 million aid to non-communist resistance groups fighting the Vietnamese in Kampuchea. Almost all those in the resistance groups have families in refugee camps. As the quality of life in the camps (it is not at all what one should call 'quality') deteriorates, the fighting morale of the resistance forces will correspondingly deteriorate. The Vietnamese are already jubilant over the successes of their last dry season offensive. They will be more jubilant now that they can force more Kampuchians across the border.

This week Shultz and Soviet Foreign Minister Eduard Shevardnadze were having acrimonious debate over human rights according to the Helsinki accords. What about some human rights for the refugees?

CSO: 4200/1301

THAILAND

TIES WITH LAOS AFTER LETTER, TALKS VIEWED

BK020251 Bangkok THE NATION in English 2 Aug 85 p 5

[By Kavi Chongkittavorn]

[Text] The resilience of the Thai-Lao relations this week showed signs of taking an unpredictable twist when the two countries, bound by centuries of close ties and other affiliations, decided in Vientiane after preliminary talks to meet again to solve common problems.

Following Foreign Minister Sitthi Sawetsila's personal letter to his Laotain counterpart, Phoun Sipaseut, outlining steps to be taken by both sides if progress was to be made on bilateral ties, the Laotian Government agreed in principle to sit down at the discussion table with Thai officials.

It was inherent in talks of such a nature that no far-reaching decisions would be effected. Thai officials, however, are optimistic that such discussions could lead to the normalization of Thai-Laotian relations, albeit in the long run.

Both sides have made specific requests that would pave the way towards strengthening of mutual historical ties, that are reciprocal in nature.

In his letter, Sitthi urged Laos to cease all polemics directed at Thai leaders to create an atmosphere conducive to talks that would be at once meaningful and productive. In addition, a request was made of senior Lao officials to treat the subject of Thai-Laotain relations as a distinct entity, not in any way to be confused with other issues that might hinder the progress of talks between the two countries. For instance, from time to time, Laos has raised the Kampuchean problem, which has no bearing on ties across the Mekong River.

Significantly, Thailand also prefaced the talks with a guarantee that no sanctuary had been, nor would be given in its territory to the so-called Laotian liberation army, which has as its prime objective the overthrow of the Vientiane regime. The Laotian Government has been constantly accusing Thailand of supporting remnants of the rightist groups, which they say, are operating from inside Thailand.

Sitthi also suggested that the Thai-Lao talks be initiated at the lower level on the premise that if such discussions are conducted at the ministerial level, there is the possibility of disagreement on small matters that could affect the entire talks.

Such an experience occurred during the first two attempts at negotiation, following the escalation of the conflict along the Thai-Laotian border at Uttaradit, opposite Sayaboury. Both rounds of talks failed.

The Thai contention at the time was that if the process of discussion was carried out within the existing framework at the provincial level, there would be a far greater possibility of resolving all questions. But when the issues are blown all out of proportion, the real intention of solving bilateral issues, from the Lao point of view, is of surface value only.

It is commonly believed among officials at the Thai Foreign Ministry that the Laotian outburst over the three disputed villages was instigated of Vietnam, which stands to benefit from strained relations between these two neighboring countries.

Small wonder, then, that Sitthi's letter also appealed to the good sense of the Laotian leaders to confine bilateral issues to a purely bilateral plane. And for the benefit of both countries, Laos should also refrain from raising this issue at the forthcoming Non-Alignment Movement Conference in Luanda, Angola; something which, from the Thai point of view, would hardly be conducive to improvement of mutual relations.

At this week's talks, the Laotian delegation made its pitch on specific requests, focussed on acquiring strategic products, some of which were frozen several years ago.

The Laotian Government has asked Thailand to lift the ban on these strategic commodities, particularly relating to asphalt products. During the talks in Vientiane, both First Deputy Foreign Minister Khamphai Boupha and his associate, Soulivong, singled out asphalt, reiterating that it constituted the biggest single item essential for the development of the Lao economy and the construction of its infrastructure.

The Thai side, for its part, contended that of some 273 embargoed commodities and products, the majority of them could be negotiated at the local level. A Thai official, in fact, confided to THE NATION that some of these strategic goods, medicine for example, could be allowed to enter Laos, provided Laos shows some flexibility.

On the important issue of asphalt products, the fear of the Thai authorities is that these products would be used, not to benefit Lao infrastructure, but by the Vietnamese troops stationed there. Specifically, they are most concerned that any, or all of these asphalt-related products would be used to build runways for foreign aircraft, which in turn would seriously threaten the security of Thailand.

The Thai point of view is based on the practicality that this is a time to build up "mutual trust" which, through cooperation and common effort at the local level, could achieve much more lasting results, given the similarity between the people on both sides of the river. In such a manner, it is believed, both countries could develop a mutual confidence, and expand areas of cooperation. In such a context, if need be, talks at the local level could be expanded to include officials at the higher or national level.

It was noticeable that neither the Bangkok nor the Vientiane delegations appeared to be anything but optimistic about bilateral ties. Both parties tacitly accepted that whenever Thai-Laotian relations turn sour, it is the people of both countries that suffer the most.

The point to remember is that this isolated and landlocked country contingent on the overall extent of Vietnamese influence today can only extricate itself through a meaningful relationship with Thailand, which can provide proper amelioration and rehabilitation of its economy.

The alternatives are there for Laos to utilize. And no one can help the Laotians in a more concrete manner than its nearest neighbour, Thailand.

CSO: 4200/1301

THAILAND

STATE RAILWAYS SACK 4 UNION LEADERS OVER STRIKE

BK031208 Bangkok THE NATION in English 3 Aug 85 pp 1, 2

[Text] The State Railways of Thailand (SRT) yesterday dismissed four SRT union leaders, including President Amat Khamthetthong, on charges of "inciting rail workers to stage a strike" last month, SRT Governor Banyong Soralam said yesterday.

Other union leaders also dismissed were union Vice President Piya Kangwan, president of SRT Employees Union Phat Maharat and secretary of Makkasan Workshop Workers Group Kosum Klomket.

Banyong said the four were fired without compensation. The dismissals will come into effect today, he said.

Banyong said the dismissals followed the investigation by the SRT as well as the evidence provided by police indicating that the union leaders had violated rules and regulations of the SRT and the order of their superiors by organizing the strike between July 3-5.

He also charged that the four had ignored his order calling the strikers to return to work.

According to the governor, more employees would be fired if the evidence and the investigation showed that they had incited the strike, adding that criminal charges would also be filed against the four union leaders.

"They will be charged with inciting violence which might lead to undermining the government's stability. We will also file a civil lawsuit damages from them," Banyong said.

The governor expressed his confidence that the dismissal orders would not generate a protest by the SRT employees, adding that such an effort would not gain much cooperation from the majority of workers.

The disputes last month was related to workers' demand for the back pay of over 400 million baht to about 12,000 railwaymen whose employment status of daily basis was changed to monthly basis.

The 2-day strike ended when Prime Minister Prem Tinsulanon issued a letter ordering the Communications Ministry to urgently settle the conflict through a new round of negotiations.

However, the SRT management did not promise that the strikers would be exempt from disciplinary action.

Meanwhile, Secretary of the SRT Union Nun Suthinphuak said he would call the meeting of the union executive committee either next Monday or Tuesday to discuss the dismissal.

One of the fired unionists, Kosum, said he had already signed his name to acknowledge his dismissal, adding that he wasn't concerned about his future because he was quite sure that he would get a new job soon.

"The dismissal reflects the insincerity of the SRT management in solving the problem. We did nothing wrong and we called off the strike after being requested by the prime minister," said Kosum.

The SRT Union would decide what to do in response to the order, he said.

Another dismissed union leader, Piya, said he felt being betrayed by the SRT management. He added that workers should not [be] deprived of the right to strike.

He said last month's walkout was in fact the resolution of the union and its leaders only followed it. He added it was the SRT management that did not follow the order of the Cabinet about the back pay.

However, the union President Amat was not available for comment. He is expected to return from his observation tour to Japan in the next few days.

CSO: 4200/1301

THAILAND

# MARINE COMMANDER DISCUSSES NEW ASSAULT VEHICLES

BK040229 Bangkok THE NATION in English 4 Aug 85 p 3

[Text] The Marine Corps of the Royal Thai Navy will take delivery of 10 sophisticated amphibious assault vehicles from the United States later this year, increasing its amphibious force to 50, the Marine Corps commander said yesterday.

The LVTP-7-AL amphibious vehicles, for which orders were placed about 2 years ago, will be the first ever vehicles of this type to be delivered to the Thai Marine Force. The amphibious vehicle is the latest development of LVTP-7-A1 amphibious assault carriers now in service at the Thai Marine Corps, according to Vice Adm Prasoet Noikhamsiri.

He told THE NATION that the Marine Corps needed the LVTP-7-A1 to modernize its force because the existing 40 amphibious vehicles had become so outdated that they had been decommissioned from the U.S. Marine Corps. The U.S. had also stopped the production of the outdated version, making it difficult for the Thai Marine Force to procure spare parts for the amphibious vehicles in service, he said.

Rear Adm Prasoet said that the 10 LVTP-7-A1s worth about U.S. \$25 million or about 670 million baht had been purchased on a long-term credit under the Foreign Military Sales Programme.

The Marine Corps commander also said that the Marine Corps would also modify all the existing amphibious assault vehicles in service into the latest version by replacing the engines and all the other equipment with the exception of the welded aluminum armour hull and the body.

One of the 40 vehicles had been sent to the U.S. for the modifications so that it would be the model for the others, he said.

The LVTP-7-A1 is the most advanced amphibious vehicles for the Marine Corps in this region. The only countries in the region that have or will soon have the sophisticated amphibious vehicles in services are South Korea and Thailand, according to Rear Adm Prasoet.

CSO: 4200/1301

THAILAND

BRIEFS

CALL CONDEMNING SOUTH AFRICA--Thailand has supported the call to condemn South Africa's apartheid policy and urged other countries to follow the United States [as heard] decision for an economic sanction. Foreign Ministry Deputy Spokesman Pratyathawi Tawethikun said Thailand has a clear stand against the anti-apartheid policy of the South Africa's Pretoria government. The deputy spokesman also called on members of the United Nations to strictly follow the United Nations call for economic sanctions against the Pretoria regime. The United Nations decision was also followed with moves by the European Economic Community. [Text] [Bangkok Domestic Service in English 0000 GMT 4 Aug 85 BK]

U.S. AID CUT--Kampuchean along the Thai border will directly suffer as a result of reduction in U.S. assistance as ruled yesterday by Congress for its 1986 funding. "It will be the Kampuchean who are going to have trouble," Sqdn Ldr Prasong Sunsiri, secretary general of the National Security Council, said in response to newspaper reports on the refugee assistance cut. Sqdn Ldr Prasong noted that refugee assistance funds were granted directly by the U.S. Government and through the United Nations High Commission for Refugees UNHCR and added that the press reports concerned a decision by Congress. Because of this, Sqdn Ldr Prasong declined to give further comment, saying that he needed more information about the cut and to receive official notification from the U.S. Government and the UNHCR. It was reported that a refugee funding cut had been approved by the House of Representatives Appropriations Committee, reducing the aid from U.S. \$337.92 million as requested by the Reagan administration to \$292.95 million. The congressional committee said that it believed that a bigger fund for refugees and assistance for Kampuchean refugees to resettle in the U.S. would only encourage more of them to enter Thailand in the hope of resettlement. [Text] [Bangkok BANGKOK WORLD in English 2 Aug 85 p 28 BK]

CHAMOI INVESTIGATION--Sing Buri--Police yesterday uncovered another 19.5 million baht in cash from the house of a woman associated with the multi-million-baht chit fund pool operated by Mrs Chamoi Thipso. Commander of the Crime Suppression Division (CSD) Pol Maj Gen Bunchu Wangkanon said a team of policemen were led to the house of Mrs Somphit Bunsri at Tambon Choengklat in Bang Rachan District here by Chamoi's husband, Wiroj Suama. Wiroj surrendered to police late last week. Bunchu said the case--3.5 million baht contained in a fertilizer bag, 9 million baht in a travelling bag and another 7 million in a smaller bag--was buried underground in front of the house. He said the police also seized two Mercedes Benz sedans belonging to Chamoi in Lopburi. [Text] [Bangkok THE NATION in English 30 Jul 85 p 1 BK]

CSO: 4200/1301



TUVALU

BRIEFS

NEW ZEALAND AID--New Zealand aid for Tuvalu will be increased this year by 73%, from \$NZ800 000 to \$1.4 million, NZ Prime Minister Mr David Lange has promised. His comments contained a hint that the increase was in recognition of Tuvalu's rejection of the Russian application for a licence to fish in Tuvalu's 200-mile fisheries zone, which meant that Tuvalu would lose money the Russians would have paid for a licence. Mr Lange said the increase recognised Tuvalu's economic difficulties. Tuvalu, he said, had expressed considerable caution on the question of Soviet interest in fisheries access arrangements, and was very conscious of the views of friends and neighbours, such as New Zealand. The continued development of regional co-operation within the South Pacific was of vital importance to the peace, economic progress and stability of the region, he said. [Text] [Sydney THE SOUTH SEA DIGEST in English 26 Jul 85 p 1]

CSO: 4200/1357

COALITION GOVERNMENT OF DEMOCRATIC KAMPUCHEA

ATMOSPHERICS OF SIHANOUK CAMP DESCRIBED

Bangkok BANGKOK POST in English 19 Jun 85 p 4

[Article by Jacques Bekaert: "City Without a Country"]

[Text] Surin — Thousands of Khmer civilians line the entrance of Site B in anticipation of Prince Norodom Ranariddh's visit. A few hundred children, neat and serious in their blue and white school uniform, make a peaceful honour guard, while parents and grandparents cheer and go on their knees in respect for the man so many Khmers have come to see as a second Sihanouk.

A few days ago, the entire Sihanoukist population — close to 40,000 people — was on the move, once again. In April 1984, thanks to the good will of the Thai authorities, they had been resettled, brought from their Tatum camp in Kampuchea to the safer Green Hill-Camp David zone. Last March, in anticipation of the assault on Tatum, they were moved even deeper inside, to a new location called Site B. Tatum fell after a week of fierce fighting. The civilians went back to Green Hill. After all, this big city of nicely aligned little houses is well inside Thai territory. But a few days ago, rumours came that the Vietnamese were planning to "kidnap" part of the population in a master coup of political propaganda.

So, on June 12, the population once again travelled to Site B. "Everything went on very smoothly," an UNBRO representative tells us. "People simply went back to their old location. There was no problem, no panic."

It is fascinating to see Prince Ranariddh in the middle of his people. He stops here and there, to allow women and children to come closer, to say a few words. He talks to them with the same voice as his father, slightly high pitched.

As we pass a group of children, smiling and playful, he turns to the Belgian Ambassador to Thailand, Baron Patrick Nothomb, and says: "Look at them, why can't they have a country? Why do they have to go through this? We do not ask for the impossible. Just for the right of a nation, like any other people on earth."

He improvises a speech, bringing news from Prince Sihanouk, of whom he is the personal representative. He tries to give them hope and faith in the future.

Site B is a strictly civilian camp. At one point we meet a small group of soldiers who are without weapons. They have just arrived from the battlefield of Siem Reap. They are entitled to a few days with their families before going back to the front line.

It is a big city without big buildings, a major town without traffic. A collection of two-string violins are on sale, as well as drums and statues of the Lord Buddha. A former Khmer Rouge looks at the musical instruments. The Khmer Rouge are easily recognised: they wear the Chinese uniform and cap. One of them explains to Prince Ranariddh that he came here because he was caught selling a monkey at one of the bases run by the Party of Democratic Kampuchea. He managed to escape and joined the people of Green Hill.

Later during the day we go to Camp David. The model city is a ghost town. Corn is growing, unattended. A few ANS soldiers have been left to protect the properties. They patrol the camp amid oppres-

sive silence. Camp David resembles the vast and abandoned decor of a movie set. "Too bad they had to leave the camp. Living conditions were not bad here," says Prince Ranariddh. A young man shows me a Chinese-made machine gun. In the middle of the central plaza, a small group of soldiers prepare for a patrol. They have AK 47s and B 40s. They are carefully packing some rice in their *kramar*, the all-purpose Cambodian scarf.

Back to Site B. A Khmer lunch is served to the guests. Prince Ranariddh and Princess Marie, an ambassador, the representative in Belgium of Prince Sihanouk, the editor of a pro-nationalist publication from Brussels called *Libre Cambodge*, UNBRO and voluntary workers, a few engineers hired by UNBRO to build a bridge that will allow heavy trucks to bring food to the provisional town. One of the foreigners asks: "Why is the Press so unreliable?"

A few gifts are distributed by the prince and the princess to the widows of some of the soldiers who died during the battle of Tatum. Not far away another group of women and children ask for the presence of the prince. The women complain that although their husbands died in the front line and they are entitled to support and compensation, they have received nothing so far. "Some women are just pretending to be widow in order to get money," they claim; they cry. One of them holds a young child and is also two-month pregnant. Apparently, the father died a few weeks ago. They ask for the prince's assistance. "I promise you will get what you are entitled to." But they are not satisfied: "How can you keep your promise? You come here only every three months."

It's democracy in action. They want more than words. They have lost everything. They refuse to be further victimised. Prince Ranariddh explains that he has to go to many places, visit the army camps, take care of the ANS, and travel to foreign countries. He orders the people in charge of the camps to start working on a solution to the problem and make a list of all the genuine widows. For the rest of the day he expresses his concern.

Site B is a city of the very young. "We don't have to worry about the future of our country," remarks a Khmer doctor. Almost 9,000 of the citizens at Site B are less than five years old. But what is their future?

MILITARY AFFAIRS AND PUBLIC SECURITY

ARMYMEN WARNED OF EVIL EFFECTS OF EXCESSIVE DRINKING

Hanoi QUAN DOI NHAN DAN in Vietnamese 13 Jul 85 p 1

[Article by Huynh Kim: "Lovable...Liquor, Evil...Liquor"]

[Text] From time immemorial, in daily life our people have had the tradition of offering betel and liquor to their guests to show courtesy and cordiality. In the army, on the occasion of joyful holidays and festivals, the celebrating man often is served with a bottle of liquor to raise cheerfulness and cordiality.

But liquor drinking is a two-edged knife, particularly when it has become a habit, apt to cause heavy damage.

There are different sectors and professions in society, but all things considered, "wine bibbing" hurts anywhere with the same intensity. In all countries, very heavy fines are imposed on drunk drivers caught by traffic police. Recently, the Soviet Union issued very tough regulations, prohibiting those under 21 from drinking liquor, prohibiting cadres from drinking at official meetings and at work, increasing liquor prices, and rigorously restricting liquor selling time. In our country, as well as other brotherly countries, the military are prohibited from drinking, except during celebrations when they are permitted by superior echelons to pass the bottle. Inebriated cadres are incapable of commanding their units and easily prone to venting their spleens on the troops. Drunkenness among combatants often leads to a succession of violations and negative activities, and occasionally to dangerous situations.

Some units neglect combat readiness duties following carousals bidding farewell to frontline-bound comrades-in-arms. Many units and friends celebrate their reunions with bacchanalia. Some units boast not one but many bottles of liquor--even a whole jerrican--on a single tray of food catering to a half-dozen people. Citing old adages that "good pals must crack a bottle," and that "a man without liquor is like a flag without wind," people compete with each other to take a drop too much; sometimes, those arriving late at a party are punished with booze, ending up making all participants drunk. Currently, in units stationed near restaurants, soldiers--especially new draftees, homesick but moneyed--are readily bent on getting drunk if commanding officers fail to control them. Of course, when they are accustomed to drinking but hard up,

they will easily fall prey to misdeeds. Drinking makes people loquacious and apt to disrupt order and misbehave in public. Drunk drivers make it snappy and pass by carelessly; tipsy soldiers fire off their guns, causing a shooting accident, at least plunging the neighborhood into panic.

All these disturbances result from drinking at the wrong times and beyond the safety limit. This is not to speak of many places engaged in moonshining from rice, squandering large quantities of grain in the process! People used to say about a boozier: "At first, he drank liquor, but later it is liquor which drank him up!" Because of that, the fine initial meaning of liquor has disappeared. Liquor has grown into a vice--drunkenness. It destroys solidarity. It reduces compliance with discipline and regulations. It exposes secrets and causes people to lose trust and work to lag behind. A 1983 review by Group IX traced 60 percent of all serious breaches of discipline to liquor drinking. This obliged superior echelons to issue directive, "prohibiting the military against getting drunk" (in 1984) and "prohibiting the military against drinking liquor" ( in 1985), along with Draconian measures. As a result, alcohol-related breaches of discipline have clearly been on the wane.

That explains why liquor is both lovable and evil. Liquor can generate unpredictable harm--not to speak about the bad example set by drunken army men for youths and children in society. I think that we must strictly observe regulations, drinking absolutely no liquor even if we are stationed in a wine area. Certainly this can be done if our commanders really care. And we also hope that strict respect for legislation on liquor distillation and sale and for other stringent regulations on liquor drinking will be enforced outside the barracks.

9213

CSO: 4209/578

INTERNATIONAL RELATIONS, TRADE AND AID

NHAN DAN CONDEMNS U.S. NUCLEAR TALKS ATTITUDE

OW090755 Hanoi VNA in English 0708 GMT 9 Aug 85

[Text] Hanoi, VNA, August 9--"Washington must be held responsible for the stalemate of the current Geneva Soviet-U.S. talks on nuclear and space weapons' reduction," says the daily NHAN DAN today.

Commenting on the U.S. President's press conference held on August 5, the paper says that "he has revealed Washington's real intention to improve its nuclear weapons, not to reduce them, and to increase the danger of a nuclear holocaust not to avert or abolish it." The paper condemns Reagan's cynical view of the Hiroshima tragedy as a "deterrent." "Such a dangerous policy of force," the paper says, "is directly threatening all nations and could not lead to any serious talks."

The paper goes on: "But the world situation 40 years after Hiroshima and Nagasaki has changed radically. The three revolutionary currents are rising like tidal waves in all parts of the world. The world socialist system has become the decisive factor of the development of human society. Imperialism headed by the U.S. imperialists, sliding down in both position and strength. With a firm determination to preserve world peace and security, the Soviet Union is increasing its defence capacity and shall allow no force to break the present strategic military balance. The world peace-loving people, in solidarity with the Soviet Union, are fully capable of staving off the danger of a nuclear holocaust and safeguarding peace on our planet."

CSO: 4200/1376

INTERNATIONAL RELATIONS, TRADE AND AID

BRIEFS

LAOS, PRK FORESTRY COOPERATION--Hanoi, VNA, 9 Aug--The forestry service of Ho Chi Minh City has enhanced its cooperation with Laos and Kampuchea in timber extraction. Under an agreement reached by the 3 Indochinese countries on forestry cooperation, Ho Chi Minh City has since early this year felled 30,000 cubic metres of wood in the southern Lao Province of Savannakhet and sent 3 technical groups to several Lao provinces to conduct sylvan surveys. It has supplied Laos and Kampuchea trucks, machines, equipment and workhands for wood extraction and transportation. In the second half of this year, the city's forestry service plans to exploit 20,000 cubic metres of wood for Laos and Kampuchea including 10,000 cubic metres of timber for export. [Text]  
[Hanoi VNA in English 0700 GMT 9 Aug 85 OW]

GDR TWIN CITY VISIT--Hanoi, VNA, 11 Aug--A delegation of the party committee of Ho Chi Minh City led by Mai Chi Tho, member of the party Central Committee and deputy secretary of the municipal party committee, has paid a visit to its twin city of Leipzig in the German Democratic Republic. The delegation had working sessions with delegations of the party and people's committees of Leipzig and exchanged with them experiences in socialist construction. The two sides agreed on measures to promote all-round cooperation between the two cities this year and in following years. [Text] [Hanoi VNA in English 0717 GMT 11 Aug 85 OW]

CSO: 4200/1376

PARTY ACTIVITIES AND GOVERNMENT

PETTY OFFENSES CODE REVISED

Hanoi QUAN DOI NHAN DAN in Vietnamese 14 Jul 85 p 4

[Article: "Changes and Additions to the Petty Offenses Code"]

[Text] The Council of Ministers has just issued Decree 200-HDBT on modifying and reinforcing a number of provisions in the petty offenses code stipulated in Decree 143-CT of 27 May 1977 of the then Council of Government.

These changes and additions are as follows:

1. Article 2 (new): Activities violating social order and safety having a simple and clear nature and no serious consequences, and not reaching the level of criminal prosecution, or the level of prosecution by administrative measures other than punishment for petty offenses, may be addressed through the following forms:

--Warning.

--Fine from 10 dong to 100 dong.

--Punish with public interest labor from 1 day to 3 days.

--Punish with imprisonment from 1 day to 3 days.

2. Point 17 (new) of Article 15: Dry hay, paddy, rice and other items along streets and highways; unleash animals, tend animals along highways and railways; or tie animals to trees, mileage posts and signposts on two sides of the road.

3. Article 26 (new): While doing their task of managing social order and safety, public security cadres and combatants are authorized to inflict punishment: warning, imposing fines from 10 dong to 20 dong.

4. Article 27 (new): Public security chiefs and deputy chiefs of villages, subwards and towns are authorized to inflict punishment: warning, imposing fines from 10 dong to 50 dong, punishing with 1 day of public service labor.

5. Article 28 (new): Public security cadres from the ranks of public security chiefs and deputy chiefs of districts, wards, municipalities and cities under provincial jurisdiction, are authorized to inflict punishment: warning, imposing



finer from 10 dong to 100 dong, punishing with public interest labor from 1 day to 3 days, imprisoning from 1 day to 3 days, and confiscating evidence of spoils or means used in the commission of a crime.

The present decree has force of law from the day of its issuance.

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CS0: 4209/578

AGRICULTURE

NHAN DAN ARTICLE VIEWS AGRICULTURAL ADVANCES

OW111533 Hanoi VNA in English 1501 GMT 11 Aug 85

[Text] Hanoi, VNA, August 11--To quickly introduce technical advances into agricultural production is an urgent task at present, says Nguyen Dang, vice-minister of agriculture, writing in NHAN DAN Thursday. The vice-minister said that reality in recent years shows that those cooperatives and production collectives which had a good management and knew how to apply technical advances have obtained higher crop output than in other places. He went on: "Under the 1985 state plan, food output is set at 19 million tons and rice production is expected to grow by more than one million tons over last year, 80 percent of the increase would be through intensive cultivation. In live-stock-breeding, it is necessary to continue developing all kinds of animals in all the three sectors, state, collective and family, so as to increase food for domestic use and for export as well as fertilizer and drought power for cultivation. Development of food production must be combined with the strengthening of the material bases of agriculture and effective application of scientific and technical advances to production, in order to ensure the quota for agricultural growth in each period of the plan. [no closing quote as received]

On the basis of the results and experiences in the application of technical advances in recent years, especially in 1984, the Ministry of Agriculture has determined national-level research subjects for 1985 aimed at serving the main targets of agriculture. These are:

-- To quickly introduce high-yield and resistant rice strains to determine the rice strains to be planted in different ecological areas; to apply in an even-handed manner technical advances to rice production, and try to set up some models for rice intensive cultivation with 10 tons or more per hectare/year on a large acreage.

-- To apply measures of intensive farming and a comprehensive program for preventing and combating crop pests and insects at district level.

-- To apply technical advances in the use of fertilizer to increase productivity of the plants and improve the soil.

-- To build and perfect the system of veterinary stations from the centre to the grassroots.

-- To work out a plan for the deployment of 13 key programs of technical advance in 1985.

-- To apply technical advances to raising the quality of the pigs.

Special attention must be paid to tabulating the economic effect of the technical advances in the annual increase of agricultural production.

CSO: 4200/1376

AGRICULTURE

BRIEFS

SOUTHERN SUGAR PRODUCTION--Hanoi, VNA, 12 Aug--Southern Vietnam has so far this year produced 43,100 tons of sugar, 45 percent more than in the same crop last year. This is the record sugar output since the complete liberation of south Vietnam 10 years ago. With saplings from various localities, with the application of intensive farming methods and new processing techniques, and the building of specialized fields, southern sugarcane-growing areas have so far this year supplied to sugar mills 750,400 tons of sugarcane, 42 percent more than in the previous cropping season. [Text] [Hanoi VNA in English 0716 GMT 12 Aug 85 OW]

CSO: 4200/1376

END